

# EXHIBIT “C”

IN 72 91 06 06

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**IMPORTANT INSURANCE INFORMATION**

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Please read this Notice carefully – it does not form a part of your insurance contract. The Notice is designed to alert you to coverage restrictions and to other provisions in certain terrorism endorsement(s) in this policy. If there is any conflict between this Notice and the policy (including its endorsements), the provisions of the policy (including its endorsements) shall prevail.

**POTENTIAL RESTRICTIONS OF TERRORISM COVERAGE**

This Notice has been prepared in conjunction with the **POTENTIAL** implementation of changes related to coverage of terrorism under your policy.

The Terrorism Risk Insurance Act established a program (Terrorism Risk Insurance Program) within the Department of the Treasury, under which the federal government shares, with the insurance industry, the risk of loss from future terrorist attacks. That Program will terminate at the end of December 31, 2007 unless extended by the federal government. Your policy will become effective (or will be renewed) while the federal Program is still in effect, but prior to a decision by the federal government on extension of the federal Program. If the federal Program terminates, or is extended with certain changes, during the term of your policy, then the treatment of terrorism under your policy will change. This Notice is being provided to you for the purpose of summarizing potential impact on your coverage. The summary is a brief synopsis of significant exclusionary provisions and limitations.

**YOUR POLICY AT START OF NEW POLICY TERM:**

*The following paragraphs apply in all states except Georgia and Texas:*

This policy contains an endorsement that makes a distinction between "certified acts of terrorism" and "other acts of terrorism". Coverage is provided for "certified acts of terrorism" (which is more fully defined in the endorsement, but involves acts of terrorism by or on behalf of a foreign interest). This coverage is subject to a limit on our liability pursuant to the federal Terrorism Risk Insurance Act.

The endorsement excludes, under property insurance, coverage for "other acts of terrorism" (terrorist acts other than certified acts) but such exclusion applies only if aggregate losses from the event exceed \$25 million, or if the event involves biological or chemical materials under certain circumstances. With respect to "certified acts of terrorism" and "other acts of terrorism", policy exclusions (for example, the nuclear hazard and war exclusions) and other policy provisions continue to apply.

*The following paragraph applies only in the states of Georgia and Texas:*

This policy does not contain a terrorism exclusion. However, the policy contains an endorsement under which coverage for "certified acts of terrorism" (which is more fully defined in the endorsement but involves acts of terrorism by or on behalf of a foreign interest) is subject to a limit on our liability pursuant to the federal Terrorism Risk Insurance Act. Further, the absence of a terrorism exclusion does not create coverage for any loss, injury or damage that would otherwise be excluded under the policy, such as property losses excluded by the nuclear hazard or war exclusions or liability losses excluded by the war liability exclusion.

**POTENTIAL CHANGE DURING THE TERM OF YOUR POLICY:**

*Endorsement PB 05 64 is attached to your policy. Its provisions will become applicable to your policy only if certain events (one or more of them) occur. Those events include the following:*

- If the federal Terrorism Risk Insurance Program (TRIP) terminates with respect to the type of insurance provided under this policy. (TRIP is scheduled to terminate at the end of December 31, 2007 unless extended by the federal government.); or
- If TRIP is extended with changes that redefine terrorism, and we are not required to make such revised coverage available to you; or
- If TRIP is extended with changes that make insurance coverage for terrorism subject to provisions or requirements that differ from those that apply to other events or occurrences under this policy, and we are not required to make such revised coverage available to you; or

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- If TRIP is extended with changes that increase insurers' statutory percentage deductible under TRIP for terrorism losses, or decrease the federal government's statutory percentage share in potential terrorism losses, and we are not required to make terrorism coverage available to you. Our deductible in 2006 is 17.5% of the total of our previous year's direct earned premiums. In 2007, that figure is 20%. The government's share is 90% of the terrorism losses in 2006 and 85% of the terrorism losses in 2007 paid by us above the deductible.

*Endorsement PB 05 64 treats terrorism as follows:*

1. Coverage for loss or damage under *property coverage* or injury or damage under *liability coverage* arising out of a terrorism incident is excluded only if:
  - The total of all insured damage to all types of property (including business interruption losses sustained by owners or occupants of damaged property), from the incident, exceeds \$25 million. The \$25 million property damage threshold is based on losses sustained by all persons and entities who are affected by an incident of terrorism, and who are insured for the damage, or who would be insured but for a terrorism exclusion; or
  - Fifty or more persons sustain death or serious injury; (applies to injury or damage under liability coverage only); or
  - The terrorism event involves nuclear materials or results in nuclear reaction or radiation or radioactive contamination; or
  - The terrorism event involves the release of radioactive material, and it appears that one purpose of the terrorism was to release such material; or
  - The terrorism event is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or
  - The terrorism event involves the release of pathogenic or poisonous biological or chemical materials, and it appears that one purpose of the terrorism was to release such materials.

For liability coverage, this would be a further restriction of coverage as we did not previously exclude domestic terrorism.

*(NOTE - To determine whether the threshold for property damage (\$25 million) is exceeded, multiple incidents of terrorism which occur within a seventy-two hour period and appear to be linked together or have a related purpose or common leadership behind them shall be considered to be one incident of terrorism.)*

2. In PB 05 64, the "Exception Covering Certain Fire Losses" provision will now apply only in certain states. In these states, the terrorism exclusion does not restrict fire coverage under the Businessowners Property Coverage Form, due to a statutory requirement in such state. If the Exception applies in any states under your policy, that state is indicated in the Schedule of the terrorism endorsement. When the Exception applies, the exclusion of terrorism does not apply to direct loss or damage by fire to Covered Property in these states. In states not listed, the exclusion of terrorism applies to all causes of loss, including ensuing fire. This is a restriction of coverage as the exception for ensuing fire had been previously granted in states where there was no statutory requirement to do so.

*See the definition of terrorism for purposes of the terrorism exclusion.*

IN7405 01 07

## IMPORTANT FLOOD INSURANCE NOTICE

Thank you for the opportunity to provide your important insurance protection. As your insurance provider, we like to keep you informed of important issues that can potentially impact your property assets. This letter is to remind you of the importance of considering flood insurance and the importance of reviewing your policies on a regular basis.

Your Nationwide Commercial Property (Premier Businessowners, and/or Commercial Property) and Farmowners' policies do not cover damage from floods to any property resulting directly or indirectly from "water." Excluded "water" losses include, but are not limited to those caused by flood, surface water, waves, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not. These types of loss or damage caused by "water" are excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss. You will need to read your policy for all of the details about excluded water losses. This is just a summary of the excluded water losses to highlight some important flood-related issues.

In most communities, you can obtain flood insurance through Nationwide that is backed by the federal government's National Flood Insurance Program. In those qualifying communities, you can obtain flood insurance protection for your property regardless of your flood zone or flood risk.

Your Nationwide representative can assist you in 1) determining if your community participates in the National Flood Insurance Program, 2) assessing your flood risk, and 3) understanding flood policy availability. To learn more about flood insurance and your risk of flooding, access the National Flood Insurance Program's consumer website at [www.FloodSmart.gov](http://www.FloodSmart.gov).

As you consider the risk of flooding in your area and consider your options for obtaining valuable protection, consider that:

- All property is in a flood zone, regardless of whether an area has been defined as high risk or low risk.
- Nearly 25% of all flood claims are for properties located in lower-risk flood areas or locations where flooding is not expected.
- Floods can happen anywhere, at any time, causing anguish, destruction, and financial damage.
- Changing weather patterns, as well as residential and business development, may increase your chance of experiencing a flood.
- Flooding can occur as a result of clogged, overloaded, or inadequate storm drains. You don't have to live near a body of water to be flooded.
- Federal disaster assistance is often a loan and must be repaid with interest.
- Your commercial property and/or farmowners' policy exclude loss by flooding.

Ask your Nationwide representative about obtaining flood insurance for commercial property today. Thank you for choosing Nationwide. We value your business.

**NATIONWIDE INSURANCE COMPANIES**  
One Nationwide Plaza – Columbus, Ohio 43215-2220  
Hearing or Voice Impaired: 1-800-622-2421 (TTY only)  
[nationwide.com](http://nationwide.com)

IN7405 01 07

Page 1 of 1



**Nationwide**  
is on your sideNATIONWIDE P & C INS CO  
ONE NATIONWIDE PLAZA  
COLUMBUS, OH 43215-222037 80585  
NEW BUSINESS**PREMIER BUSINESSOWNERS POLICY****PREMIER MOTEL  
COMMON DECLARATIONS**

Policy Number: ACP BPMK 5403384960

Named Insured: 4200 ROSE HOSPITALITY LLC AND 4200 ROOSEVELT LLC - DBA  
DAYS INNMailing Address: 4200 ROOSEVELT BLVD  
PHILADELPHIA, PA 19124-3033

Agency: Wade Timothy P Inc

Address: BENSALEM PA 19020

Agency Phone Number: (215)676-9000

Policy Period: Effective From 04-23-08 To 04-23-09  
12:01 AM Standard Time at your principal place of business.

Form of your business entity: LIMITED LIABILITY CO

Description of your business: MOTEL

IN RETURN FOR THE PAYMENT OF THE PREMIUM AND SUBJECT TO ALL THE TERMS OF THIS POLICY,  
WE AGREE TO PROVIDE THE INSURANCE STATED IN THIS POLICY.

CONTINUATION PROVISION: If we offer to continue your coverage and you or your representative do not accept, this policy will automatically terminate on the expiration date of the current policy period stated above. Failure to pay the required premium when due shall mean that you have not accepted our offer to continue your coverage. This policy will terminate sooner if any portion of the current policy period premium is not paid when due.

TOTAL POLICY PREMIUM \$

Previous Policy Number			
NONE	ENTRY DATE	05-09-08	Countersignature _____ Date _____

These Common Policy Declarations, together with the Common Policy Conditions, Coverage Form Declarations, Coverage Forms and any endorsements issued to form a part thereof, complete the Policy numbered above.

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## PREMIER BUSINESSOWNERS POLICY

PREMIER MOTEL

### SCHEDULE OF NAMED INSUREDS

Policy Number: ACP BPMK 5403384960

From 04-23-08

Policy Period:  
To 04-23-09

Named Insured:

4200 ROSE HOSPITALITY LLC AND 4200 ROOSEVELT LLC - DBA  
DAYS INN

**NATIONWIDE PROPERTY AND CASUALTY INSURANCE COMPANY**

**IN WITNESS WHEREOF**, Nationwide Property And Casualty Insurance Company has caused this policy to be signed by its President and Secretary, and countersigned by a duly authorized representative of the Company.

*Patricia B. Hatter*

Secretary

*D. Robimette*

President

**PREMIER BUSINESSOWNERS POLICY****PREMIER MOTEL****PROPERTY DECLARATIONS**

Policy Period:

Policy Number: **ACP BPMK5403384960**From **04-23-08** To **04-23-09**

Description of Premises Number: **001** Building Number: **001** Construction: **JOISTED MASONRY**  
 Premises Address **4200 ROOSEVELT BLVD** **PHILADELPHIA PA** **19124-3033**  
 Occupancy **OO** Classification: **MOTEL - SINGLE 5+ UNIT BLDG - 3 STORIES OR LESS**  
 Described as: **1**

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 WE PROVIDE INSURANCE ONLY FOR THOSE COVERAGES INDICATED BY A LIMIT OR BY "INCLUDED".
 

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 The Property Coverage provided at this premises is subject to a **\$ 2,500** Deductible, unless otherwise stated.
 

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<b>COVERAGES</b>	<b>LIMITS OF INSURANCE</b>
Building - Replacement cost	<b>\$5,529,325</b>
Business Personal Property - Replacement cost	<b>\$325,000</b>

**ADDITIONAL COVERAGES - the Coverage Form Includes other Additional Coverages not shown.**

Business Income - ALS - 12 Months - NO Hour Waiting Period - 60 Day Ordinary Payroll Limit	<b>INCLUDED</b>
Extra Expense - Actual Loss Sustained (ALS) - 12 Months - NO Hour Waiting Period	<b>INCLUDED</b>
Equipment Breakdown	<b>INCLUDED</b>
Automatic Increase in Insurance - Building	<b>6%</b>
Automatic Increase in Insurance - Business Personal Property	<b>2.9%</b>
Back Up of Sewer and Drain Water (limit shown per Building, subject to \$25,000 policy aggregate)	<b>\$5,000</b>
Appurtenant Structures - 10% of Building Limit of Insurance - maximum \$50,000 any one structure	<b>INCLUDED</b>
Increased Cost of Construction	<b>\$25,000</b>

**OPTIONAL INCREASED LIMITS**

	<b>Included Limit</b>	<b>Additional Limit</b>	
Account Receivable	\$10,000		<b>\$10,000</b>
Valuable Papers and Records (At the Described Premises)	\$10,000		<b>\$10,000</b>
Forgery and Alteration	\$2,500		<b>\$2,500</b>
Money and Securities - Inside the Premises	\$10,000		<b>\$10,000</b>
Outside the Premises (Limited)	\$10,000		<b>\$10,000</b>
Outdoor Signs	\$2,500	\$7,500	<b>\$10,000</b>
Outdoor Trees, Shrubs, Plants and Lawns	\$10,000		<b>\$10,000</b>
Business Personal Property Away From Premises	\$15,000		<b>\$15,000</b>
Business Personal Property Away From Premises - Transit	\$15,000		<b>\$15,000</b>
	\$10,000		<b>\$10,000</b>
	\$10,000		<b>\$10,000</b>

**OPTIONAL COVERAGES - Other frequently purchased coverage options.**

Employee Dishonesty \$25,000 Policy Occurrence	<b>INCLUDED</b>
Ordinance or Law - 1 - Loss to Undamaged Portion	<b>NOT PROVIDED</b>
2 - Demolition Cost and Broadened Increased Cost of Construction	<b>NOT PROVIDED</b>
Liability for Guest Property	<b>NOT PROVIDED</b>
Vehicle Damage to leased Property	<b>\$25,000</b>

**PROTECTIVE SAFEGUARDS**

This premise has one or more PROTECTIVE SAFEGUARDS identified by symbols herein. Insurance at this premise will be suspended if you do not notify us immediately if any of these safeguards are impaired. See **PB 04 30** for a description of each symbol. APPLICABLE SYMBOLS: **P-2; P-6;**



**PREMIER BUSINESSOWNERS POLICY****PREMIER MOTEL****MORTGAGEE ASSIGNMENT INFORMATION**

Policy Period:

Policy Number: **ACP BPMK5403384960**From **04-23-08** To **04-23-09**Additional Interest: **M** Interest Number: **1** Loan Number:Interest: **BUILDING****PNC BANK NATIONAL ASSOCIATION****8800 TINICUM BLVD, PHILADELPHIA, PA, 19153-3111**Additional Interest: **L** Interest Number: **2** Loan Number:Interest: **BUSINESS PROPERTY****PNC BANK NATIONAL ASSOCIATION****8800 TINICUM BLVD, PHILADELPHIA, PA, 19153-3111**Additional Interest: **M** Interest Number: **3** Loan Number:Interest: **BUILDING****PNC BANK NATIONAL ASSOCIATION****8800 TINICUM BLVD, PHILADELPHIA, PA, 19153-3111**

Additional Interest: Interest Number: Loan Number:

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**PREMIER BUSINESSOWNERS POLICY****PREMIER MOTEL****LIABILITY DECLARATIONS**Policy Number: **ACP BPMK5403384960**Policy Period:  
From **04-23-08** To **04-23-09**

WE PROVIDE INSURANCE ONLY FOR THOSE COVERAGES INDICATED BY A LIMIT OR BY "INCLUDED".

**COVERAGES****LIMITS OF INSURANCE**

Liability and Medical Payments	Per Occurrence	<b>\$1,000,000</b>
Medical Payments Coverage Sub Limit	Per Person	<b>\$1,000</b>
Tenants Property Damage Legal Liability Sub Limit	Per Covered Loss	<b>\$300,000</b>
Personal and Advertising Injury	Per Person Or Organization	<b>\$1,000,000</b>
Products - Completed Operations Aggregate	All Occurrences	<b>\$2,000,000</b>
General Aggregate	All Occurrences	<b>\$2,000,000</b>
(Other than Products - Completed Operations)		

**AUTOMATIC ADDITIONAL INSURED STATUS**

The following persons or organizations are automatically insureds when you and they have agreed in a written contract or agreement that such person or organization be added as an additional insured on your policy.

Co-Owners of Insured Premises	Included in Liability & Medical Payments Limit
Controlling Interest	Included in Liability & Medical Payments Limit
Grantor of Franchise or License	Included in Liability & Medical Payments Limit
Lessors of Leased Equipment	Included in Liability & Medical Payments Limit
Managers or Lessors of Leased Premises	Included in Liability & Medical Payments Limit
Mortgagee, Assignee or Receiver	Included in Liability & Medical Payments Limit
Owners or Other Interest from Whom Land has been Leased	Included in Liability & Medical Payments Limit
State or Political Subdivisions - Permits Relating to Premises	Included in Liability & Medical Payments Limit

**PROPERTY DAMAGE DEDUCTIBLE**

NONE

**OPTIONAL COVERAGES**

Hired Auto Liability Coverage	<b>Included in Liability &amp; Medical Payments Limit</b>
Nonowned Auto Liability Coverage	<b>Included in Liability &amp; Medical Payments Limit</b>

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**PREMIER BUSINESSOWNERS POLICY****PREMIER MOTEL****FORMS AND ENDORSEMENTS SUMMARY**Policy Number: **ACP BPMK5403384960**From **04-23-08**

Policy Period:

To **04-23-09**

FORM NUMBER	TITLE
LI0021	0101 NUCLEAR ENERGY LIABILITY EXCLUSION
PB0002	0101 PREMIER BUSINESSOWNERS PROPERTY COVERAGE
PB0006	0101 PREMIER BUSINESSOWNERS LIABILITY COVERAG
PB0009	0406 PREMIER BUSINESSOWNERS COMMON POLICY CON
PB0404	0101 HIRED AUTO AND NON-OWNED AUTO LIABILITY
PB0412	0101 LIMITATION OF COVERAGE TO DESIGNATED PRE
PB0430	0101 PROTECTIVE SAFEGUARDS
PB0534	0603 EXCLUSION - WAR AND ACTS OF TERRORISM
PB0564	0606 CONDITIONAL EXCLUSION OF TERRORISM - EXC
PB2998	0406 EXCLUSION-VIOLATION OF STATUTES THAT GOV
PB2999	0102 EXCLUSION - FUNGI OR BACTERIA
PB5103	0601 VEHICLE DAMAGE TO LEASED PROPERTY
PB9037	0405 PENNSYLVANIA AMENDATORY ENDORSEMENT
PB2500	0101 BLANK ENDORSEMENT

**IMPORTANT NOTICES**

IN7291	0606	POTENTIAL RESTRICTIONS OF TERRORISM COVERAGE
IN7405	0107	IMPORTANT FLOOD INSURANCE NOTICE

EFFECTIVE DATE: 12:01 AM Standard Time,  
(at your principal place of business)

**BUSINESSOWNERS**  
**PB 00 02 (01-01)**

## PREMIER BUSINESSOWNERS PROPERTY COVERAGE FORM

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## PREMIER BUSINESSOWNERS PROPERTY COVERAGE FORM

Various provisions in this policy restrict coverage. Please read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insureds shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance. Other words and phrases that appear in quotation marks have special meaning. Please refer to Section H. PROPERTY DEFINITIONS.

### A. COVERAGES

We will pay for direct physical loss of or damage to Covered Property at the premises described in the Declarations caused by or resulting from any Covered Cause of Loss.

#### 1. COVERED PROPERTY

Covered Property, as used in this policy, means Buildings and Business Personal Property as described in paragraphs a. and b. in this section A.1., if a Limit of Insurance is shown in the Declarations for that type of property.

HOWEVER, there is no coverage for property described under A.2. PROPERTY NOT COVERED, unless an exception is stated for that property.

a. **Buildings**, meaning the buildings and structures at the premises described in the Declarations, including:

- 1) Completed additions;
- 2) Fixtures, including outdoor fixtures;
- 3) Permanently installed:
  - a) Machinery;
  - b) Equipment; and
  - c) Tanks, including pumps;
- 4) Your personal property in apartments or rooms furnished by you as landlord;
- 5) Personal property owned by you that is used to maintain or service the buildings or structures or the premises, including:
  - a) Fire extinguishing equipment;
  - b) Outdoor furniture;
  - c) Floor coverings;

d) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering; and

e) Outdoor radio or television antennas (including satellite dishes) and their lead-in wiring, mast and towers;

6) If not covered by other insurance:

- a) Additions under construction, alterations and repairs to the buildings or structures;
- b) Materials, equipment, supplies and temporary structures, on or within 1,000 feet of the described premises, used for making additions, alterations or repairs to the buildings or structures; and

7) Garages, storage buildings, spas, swimming pools, fences, retaining walls or other appurtenant structures usual to your business, but only if:

- a) Coverage is not provided for such structures under the Appurtenant Structures Additional Coverage; and
- b) Such structures are then described in the Declarations.

b. **Business Personal Property** located in or on the buildings at the described premises or in the open (or in a vehicle) within 1,000 feet of the described premises, consisting of the following:

- 1) Personal property you own that is used in your business, including but not limited to furniture, fixtures, machinery, equipment and "stock";



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- 2) Personal property of others that is in your care, custody or control, except as otherwise provided in Condition 5. Loss Payment under Section E. PROPERTY LOSS CONDITIONS.
- 3) Tenant improvements and betterments. Improvements and betterments are fixtures, alterations, installations or additions:
  - a) Made a part of the building or structure you occupy but do not own; and
  - b) You acquired or made at your expense but cannot legally remove; and
- 4) Leased personal property for which you have a contractual responsibility to insure, unless otherwise provided for under paragraph 2) personal property of others above.

## 2. PROPERTY NOT COVERED

Covered Property does not include:

- a. Aircraft, automobiles, motortrucks and other vehicles subject to motor vehicle registration;
- b. "Money" or "securities" except as provided in:
  - 1) Money and Securities Additional Coverage; or
  - 2) Employee Dishonesty under Section G. OPTIONAL COVERAGES;
- c. Contraband, or property in the course of illegal transportation or trade;
- d. Land (including land on which the property is located), water, growing crops;
- e. Outdoor signs (other than signs attached to the buildings), trees, shrubs, plants or lawns (other than "stock" of trees, shrubs or plants), all except as provided in the:
  - 1) Outdoor Trees, Shrubs, Plants and Lawns Coverage Extension; or
  - 2) Outdoor Signs Coverage Extension;
- f. Watercraft (including motors, equipment and accessories) while afloat;

- g. Gasoline or diesel fuel contained in above ground or underground storage tanks;
- h. Property that is covered under another coverage form of this or any other policy in which it is more specifically described, except for the excess of the amount due (whether you can collect it or not) from that other insurance;
- i. The cost to research, replace or restore the information on "valuable papers and records", including those which exist on "electronic media or records", except as provided in the Valuable Papers Coverage Extension;
- j. Grain, hay, straw or other crops while outside of buildings; or
- k. Exterior building glass, except as provided in the Exterior Building Glass Additional Coverage.

## 3. COVERED CAUSES OF LOSS

This Coverage Form insures against Risks Of Direct Physical Loss unless the loss is:

- a. Excluded in Section B. EXCLUSIONS;
- b. Limited in Paragraph A.4. LIMITATIONS in this section; or
- c. Limited or excluded in Section E. PROPERTY LOSS CONDITIONS or Section G. PROPERTY GENERAL CONDITIONS;

that follow.

## 4. LIMITATIONS

- a. We will not pay for loss of or damage to:
  - 1) Property that is missing, where the only evidence of the loss or damage is a shortage disclosed on taking inventory, or other instances where there is no physical evidence to show what happened to the property. This limitation does not apply to Money and Securities Additional Coverage.
  - 2) Property that has been transferred to a person or to a place outside the described premises on the basis of unauthorized instructions.
  - 3) Fences, spas, outdoor swimming pools and related equipment, re-

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taining walls, pavements, bulkheads, pillars, wharves or docks caused by freezing or thawing, impact of watercraft, or by the pressure or weight of ice or water whether driven by wind or not.

- 4) The interior of any building or structure, or to personal property in the building or structure, caused by or resulting from rain, snow, sleet, ice, sand or dust, whether driven by wind or not, unless:
  - a) The building or structure first sustains damage by a Covered Cause of Loss to its roof or walls through which the rain, snow, sleet, ice, sand or dust enters; or
  - b) The loss or damage is caused by or results from thawing of snow, sleet or ice on the building or structure.
- b. We will not pay for loss of or damage to fragile articles such as glassware, statuary, marbles, chinaware and porcelains, if broken, unless caused by one of the "specified causes of loss" or building glass breakage. This limitation does not apply to:
  - 1) Glass that is part of the interior of a building or structure;
  - 2) Containers of property held for sale; or
  - 3) Photographic or scientific instrument lenses.
- c. For loss or damage by theft, the following types of property are covered only up to the limits shown:
  - 1) \$2,500 for furs, fur garments and garments trimmed with fur.
  - 2) \$2,500 for jewelry, watches, watch movements, jewels, pearls, precious and semi-precious stones, bullion, gold, silver, platinum and other precious alloys or metals. This limit does not apply to jewelry and watches worth \$250 or less per item.
  - 3) \$2,500 for patterns, dies, molds and forms.

## 5. ADDITIONAL COVERAGES

### a. Debris Removal

- 1) We will pay your expense to remove debris of Covered Property caused by or resulting from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage.
- 2) The most we will pay under this Debris Removal Additional Coverage is:
  - a) 25% of the amount we pay for the direct physical loss of or damage to Covered Property; plus
  - b) The deductible in this policy applicable to that loss or damage.

This Debris Removal Additional Coverage will not increase the Limits of Insurance provided by this policy.

HOWEVER, this limitation does not apply to any additional debris removal limit provided in paragraph 4) below.

- 3) This Debris Removal Additional Coverage does not apply to costs to:
  - a) Extract "pollutants" from land or water;
  - b) Remove, restore or replace polluted land or water; or
  - c) Extract "pollutants" from Covered Property.
- 4) If:
  - a) The sum of direct physical loss or damage and debris removal expense exceeds the Limit of Insurance; or
  - b) The debris removal expense exceeds the amount payable under the 25% Debris Removal coverage limitation in paragraph 2) above;

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we will pay up to an additional \$25,000 for each premises in any one occurrence under this Debris Removal Additional Coverage.

**b. Preservation of Property**

- 1) If it is necessary to move Covered Property from the described premises to preserve it from loss or damage by a Covered Cause of Loss, we will pay for any direct physical loss of or damage to that property:
  - a) While it is being moved or while temporarily stored at another premises; and
  - b) Only if the loss or damage occurs within 45 days after the property is first moved.
- 2) This Preservation of Property Additional Coverage will not increase the Limits of Insurance provided by this policy.

**c. Fire Department Service Charge**

- 1) When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to \$2,500 for your liability for fire department service charges:
  - a) Assumed by contract or agreement prior to loss; or
  - b) Required by local ordinance.
- 2) The limit for this Fire Department Service Charge Additional Coverage is in addition to the Limits of Insurance.
- 3) No deductible applies to this Fire Department Service Charge Additional Coverage.

**d. Fire Extinguisher Recharge**

- 1) We will pay the expense you incur to recharge portable fire extinguishers when used to combat a covered fire.
- 2) This Fire Extinguisher Recharge Additional Coverage is not subject to the Limits of Insurance.

- 3) No deductible applies to this Fire Extinguisher Recharge Additional Coverage.

**e. Collapse**

- 1) With respect to buildings:

- a) Collapse means an abrupt falling down or caving in of a building or any part of a building with the result that the building or part of a building cannot be occupied for its intended purpose;
- b) A building or any part of a building that is in danger of falling down or caving in is not considered to be in a state of collapse;
- c) A part of a building that is standing is not considered to be in a state of collapse even if it has separated from another part of a building; and
- d) A building that is standing, or any part of a building that is standing, is not considered to be in a state of collapse even if it shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.

- 2) We will pay for direct physical loss of or damage to Covered Property, caused by collapse of a building or any part of a building that is insured under this policy or that contains Covered Property insured under this policy, if the collapse is caused by one or more of the following:

- a) The "specified causes of loss" or breakage of building glass, all only as insured against in this policy;
- b) Decay that is hidden from view, unless the presence of such decay is known to an insured prior to collapse;
- c) Insect or vermin damage that is hidden from view, unless the presence of such decay is known to an insured prior to collapse;

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- d) Weight of people or personal property;
- e) Weight of rain, ice, hail or snow that collects on a roof;
- f) Use of defective material or methods in construction, remodeling or renovation if the collapse occurs during the course of the construction, remodeling or renovation.

HOWEVER, if the collapse occurs after construction, remodeling, or renovation is complete and is caused at least in part by a cause of loss listed in 2)a) through 2)e) above, we will pay for the loss or damage even if use of defective material or methods, in construction, remodeling, or renovation, contributes to the collapse.

3) With respect to the following property:

- a) Outdoor radio or television antennas (including satellite dishes) and their lead-in wiring, mast or towers;
- b) Awnings, gutters and downspouts;
- c) Yard fixtures;
- d) Outdoor swimming pools;
- e) Fences;
- f) Bulkheads, pilings, piers, wharves and docks;
- g) Beach or diving platforms or appurtenances;
- h) Retaining walls; and
- i) Walks, roadways and other paved surfaces;

If the collapse is caused by a cause of loss listed in 2)b) through 2)f) above, we will pay for loss or damage to that property in a) through I) above only if:

- i) Such loss or damage is a direct result of the collapse of a building insured under this policy; and

- ii) The property is Covered Property under this policy.

4) If personal property abruptly falls down or caves in and such collapse is not the result of collapse of a building or any part of a building, we will pay for loss of or damage to Covered Property caused by such collapse of personal property only if:

- a) The collapse was caused by a Cause of Loss listed in 2)a) through 2)f) above;
- b) The personal property which collapses is inside a building; and
- c) The property which collapses is not of a kind listed in 3) above, regardless of whether that kind of property is considered to be personal property or real property.

The coverage stated in this paragraph 4) does not apply to personal property if marring and/or scratching is the only damage to that personal property caused by collapse.

Collapse of personal property does not mean cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.

5) This Collapse Additional Coverage will not increase the Limits of Insurance provided in this policy.

f. **Water Damage, Other Liquids, Powder Or Molten Material Damage**

- 1) If loss or damage caused by or resulting from covered water or other liquid, powder or molten material damage loss occurs, we will also pay the cost to tear out and replace any part of the building or structure to repair damage to the system or appliance from which the water or other substance escapes.
- 2) We will not pay the cost to repair any defect that caused the loss or damage except as provided in the Equipment Breakdown Additional Coverage; but we will pay the cost

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to repair or replace damaged parts of fire extinguishing equipment if the damage:

- a) Results in discharge of any substance from an automatic fire protection system; or
  - b) Is directly caused by freezing.
- 3) This Water Damage Additional Coverage will not increase the Limits of Insurance provided in this policy.

**g. Business Income**

**1) Business Income with Ordinary Payroll Limitation**

- a) We will pay for the actual loss of "business income" you sustain due to the necessary suspension of your "operations" during the "period of restoration". The suspension must be caused by direct physical loss of or damage to property at the described premises. The loss or damage must be caused by or result from a Covered Cause of Loss. With respect to loss of or damage to personal property in the open or personal property in a vehicle, the described premises include the area within 1,000 feet of the site at which the described premises are located.
- b) With respect to the requirements set forth in the preceding paragraph, if you occupy only part of the site at which the described premises are located, your premises means:
  - i) The portion of the building which you rent, leases or occupy; and
  - ii) Any area within the building or on the site at which the described premises are located, if that area services, or is used to gain access to the described premises.
- c) We will only pay for loss of "business income" that you

sustain during the "period of restoration" and that occurs within 12 consecutive months after the date of direct physical loss or damage. We will only pay for "ordinary payroll expenses" for 60 days following the date of direct physical loss or damage.

**2) Extended Business Income**

- a) If the necessary suspension of your "operations" produces a "business income" loss payable under this policy, we will pay for the actual loss of "business income" you incur during the period that:
  - i) Begins on the date property except finished stock is actually repaired, rebuilt or replaced and "operations" are resumed; and
  - ii) Ends on the earlier of:
    - i. The date you could restore your "operations" with reasonable speed, to the level which would generate the "business income" amount that would have existed if no direct physical loss or damage had occurred; or
    - ii. Sixty (60) consecutive days after the date determined in 2)a)i) above.

HOWEVER, Extended Business Income does not apply to loss of "business income" incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.

- b) Loss of "business income" must be caused by direct physical loss or damage at the described premises

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caused by or resulting from any Covered Cause of Loss.

- 3) This Business Income Additional Coverage is not subject to the Limits of Insurance.

**h. Extra Expense**

- 1) We will pay necessary "extra expense" you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss of or damage to property at the described premises. The loss or damage must be caused by or result from a Covered Cause of Loss. With respect to loss of or damage to personal property in the open or personal property in a vehicle, the described premises include the area within 1,000 feet of the site at which the described premises are located.
- 2) With respect to the requirements set forth in the preceding paragraph, if you occupy only part of the site at which the described premises are located, your premises means:
  - a) The portion of the building which you rent, lease or occupy; and
  - b) Any area within the building or on the site at which the described premises are located, if that area services, or is used to gain access to, the described premises.
- 3) We will only pay for "extra expense" that occurs within 12 consecutive months after the date of direct physical loss or damage.
- 4) This Extra Expense Additional Coverage is not subject to the Limits of Insurance.

**i. Pollutant Clean Up And Removal**

- 1) We will pay your expense to extract "pollutants" from land, water or Covered Property at the described premises if the discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused by or results from a Covered Cause of Loss that occurs

during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage.

- 2) This Pollutant Clean Up And Removal Additional Coverage does not apply to:
  - a) Costs to test for, monitor or assess the existence, concentration or effects of "pollutants"; or
  - b) Any penalties or assessments that may be charged against you due to any statute, regulation or ordinance.

But we will pay for testing which is performed in the course of extracting the "pollutants" from land or water.

- 3) The most we will pay for each location under this Pollutant Clean Up And Removal Additional Coverage is \$25,000 for the sum of all such expenses arising out of Covered Causes of Loss occurring during each separate 12 month period of this policy.
- 4) The limit for this Pollutant Clean Up And Removal Additional Coverage is in addition to the Limits of Insurance.

**j. Civil Authority**

- 1) We will pay for the actual loss of "business income" you sustain and necessary "extra expense" caused by action of civil authority that prohibits access to the described premises due to direct physical loss of or damage to property, other than at the described premises, caused by or resulting from any Covered Cause of Loss.
- 2) The coverage for "business income" will begin 72 hours after the time of that action and will apply for a period of up to three consecutive weeks after coverage begins.
- 3) The coverage for necessary "extra expense" will begin immediately after the time of that action and ends:

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- a) 3 consecutive weeks after the time of that action; or
- b) When your "business income" coverage ends;

whichever is later.

- 4) This Civil Authority Additional Coverage is not subject to the Limits of Insurance.

**k. Money Orders And Counterfeit Paper Currency**

- 1) We will pay for loss due to the good faith acceptance of:
  - a) Any U.S. or Canadian post office, express company, or national or state (or Canadian) chartered bank money order that is not paid upon presentation to the issuer; or
  - b) Counterfeit United States or Canadian paper currency;
 in exchange for merchandise, "money" or services or as part of a normal business transaction.
- 2) The most we will pay for any loss under this Money Orders And Counterfeit Paper Currency Additional Coverage is \$1,000.
- 3) The limit for this Money Orders And Counterfeit Paper Currency Additional Coverage is in addition to the Limits of Insurance.

**l. Forgery And Alteration**

- 1) We will pay for loss resulting directly from forgery or alteration of, any check, draft, promissory note, bill of exchange or similar written promise of payment in "money", that you or your agent has issued, or that was issued by someone who impersonates you or your agent.
- 2) If you are sued for refusing to pay the check, draft, promissory note, bill of exchange or similar written promise of payment in "money", on the basis that it has been forged or altered, and you have our written consent to defend against the suit, we will pay for any reasonable legal expenses that you incur in that defense.

- 3) The most we will pay for any loss, including legal expenses, under this Additional Coverage is \$2,500, unless a higher Limit of Insurance is shown in the Declarations.

- 4) The limit for this Forgery And Alteration Additional Coverage is in addition to the Limits of Insurance.

**m. Increased Cost Of Construction**

- 1) This Additional Coverage applies only to buildings insured on a replacement cost basis.
- 2) In the event of damage by a Covered Cause of Loss to a building that is Covered Property, we will pay the increased costs incurred to comply with enforcement of an ordinance or law in the course of repair, rebuilding or replacement or damaged parts of that property, subject to the limitations stated in paragraphs 3) through 9) of this Increased Cost Of Construction Additional Coverage.
- 3) The ordinance or law referred to in paragraph 2) of this Increased Cost Of Construction Additional Coverage is an ordinance or law that regulates the construction or repair of buildings or establishes zoning or land use requirements at the described premises, and is in force at the time of loss.
- 4) Under this Increased Cost Of Construction Additional Coverage, we will not pay any costs due to an ordinance or law that:
  - a) You were required to comply with before the loss, even when the building was undamaged; and
  - b) You failed to comply with.
- 5) Under this Increased Cost Of Construction Additional Coverage, we will not pay any costs associated with the enforcement of an ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

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- 6) The most we will pay under this Increased Cost Of Construction Additional Coverage, for each described building insured under this Coverage Form, is \$10,000.

The limit for this Increased Cost Of Construction Additional Coverage is in addition to the Limits of Insurance.

- 7) With respect to this Increased Cost Of Construction Additional Coverage:

- a) We will not pay any costs:

- i) Until the property is actually repaired or replaced, at the same or another premises; and
- ii) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.

- b) If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay for the Increased Cost of Construction is the increased cost of construction at the same premises.

- c) If the ordinance or law requires relocation to another premises, the most we will pay for the Increased Cost of Construction is the increased cost of construction at the new premises for a building of like, kind and quality and of the same size and use.

- 8) This Increased Cost Of Construction Additional Coverage is not subject to the terms of the Ordinance or Law Exclusion, to the extent that such exclusion would conflict with the provisions of this Increased Cost Of Construction Additional Coverage.

- 9) The costs addressed in Condition 5. Loss Payment of Section E. PROPERTY LOSS CONDITIONS do

not include the increased cost attributable to enforcement of an ordinance or law. The amount payable under this Increased Cost Of Construction Additional Coverage, as stated in paragraph 6) above, is not subject to such limitation.

n. **Exterior Building Glass**

- 1) We will pay for direct physical loss of or damage to glass, including lettering or ornamentation, that is part of the exterior of a covered building or structure at the described premises. The glass must be owned by you, or owned by others but in your care, custody or control. We will also pay for necessary:

- a) Expenses incurred to put up temporary plates or board up openings;
- b) Repair or replacement of encasing frames; and
- c) Expenses incurred to remove or replace obstructions.

- 2) Paragraph A.3., COVERED CAUSES OF LOSS and Section B., EXCLUSIONS do not apply to this Exterior Building Glass Additional Coverage, except for:

- a) Paragraph B.1.b., Earth Movement;
- b) Paragraph B.1.c., Governmental Action;
- c) Paragraph B.1.d., Nuclear Hazard;
- d) Paragraph B.1.f., War And Military Action; and
- e) Paragraph B.1.g., Water.

- 3) Exclusions. We will not pay for loss or damage caused by or resulting from:

- a) Wear and tear;
- b) Hidden or latent defect;
- c) Corrosion; or
- d) Rust.

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- 4) The most we pay under this Exterior Building Glass Additional Coverage is the Building Limit of Insurance shown in the Declarations.

HOWEVER, if you are a tenant and no Limit of Insurance is shown in the Declarations for Building property, the most we will pay under this Exterior Building Glass Additional Coverage is the Tenant's Exterior Building Glass Limit of Insurance shown in the Declarations.

**o. Equipment Breakdown**

- 1) We will pay for loss caused by or resulting from an "accident" to "covered equipment".

If an initial "accident" causes other "accidents", all will be considered one "accident". All "accidents" that are the result of the same event will be considered one "accident".

- 2) The following coverages also apply to loss caused by or resulting from an "accident" to "covered equipment". These coverages do not provide additional amounts of insurance.

**a) Expediting Expenses**

With respect to your damaged Covered Property, we will pay, up to \$50,000, the reasonable extra cost to:

- i) Make temporary repairs; and
- ii) Expedite permanent repairs or replacement.

**b) Hazardous Substances**

We will pay for the additional cost to repair or replace Covered Property because of contamination by a "hazardous substance". This includes the additional expenses to clean up or dispose of such property.

Additional costs mean those beyond what would have been

required had no "hazardous substance" been involved.

The most we will pay for loss or damage under this coverage, including actual loss of "business income" you sustain, necessary "extra expense" you incur and loss under Perishable Goods coverage, is \$50,000.

**c) Perishable Goods**

- i) We will pay for your loss of "perishable goods" due to spoilage.
- ii) We will also pay for your loss of "perishable goods" due to contamination from the release of refrigerant, including but not limited to ammonia.
- iii) We will also pay necessary expenses you incur to reduce the amount of loss under this coverage. We will pay for such expenses to the extent that they do not exceed the amount of loss that otherwise would have been payable under this coverage.
- iv) If you are unable to replace the "perishable goods" before its anticipated sale, the amount of our payment will be determined on the basis of the sales price of the "perishable goods" at the time of the "accident", less discounts and expenses you otherwise would have had. Otherwise our payment will be determined in accordance with Condition 5. Loss Payment under Section E. PROPERTY LOSS CONDITIONS.

The most we will pay for loss or damage under this coverage is \$50,000.

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**d) Computer Equipment**

We will pay for loss or damage caused by or resulting from an "accident" to "computer equipment".

"Computer equipment" used primarily to control or operate "covered equipment" is not subject to the following provision.

The most we will pay for loss or damage under this coverage is \$50,000, including actual loss of "business income" you sustain and necessary "extra expense" you incur, unless a higher Limit of Insurance for "computer equipment" breakdown is shown in the Declarations.

**e) CFC Refrigerants**

We will pay for the additional cost to repair or replace Covered Property because of the use or presence of a refrigerant containing CFC (chlorofluorocarbon) substances. This means the additional expense to do the least expensive of the following:

- i) Repair the damaged property and replace any lost CFC refrigerant;
- ii) Repair the damaged property, retrofit the system to accept a non-CFC refrigerant and charge the system with a non-CFC refrigerant; or
- iii) Replace the system with one using a non-CFC refrigerant.

Additional costs mean those beyond what would have been required had no CFC refrigerant been involved.

The most we will pay for loss or damage under this coverage, including actual loss of "business income" you sus-

tain, necessary "extra expense" you incur and loss under Perishable Goods coverage, is \$50,000.

**f) Service Interruption**

The insurance provided under the Business Income Additional Coverage, the Extra Expense Additional Coverage and for c) Perishable Goods in this Equipment Breakdown Additional Coverage, is extended to apply to loss caused by or resulting from an "accident" to equipment that is owned by a utility, landlord, or other supplier with whom you have a contract to provide you with any of the following services: electrical power, communications, waste disposal, air conditioning, refrigeration, heating, gas, air, water or steam.

**g) Data Restoration**

We will pay for your cost to research, replace and restore data, including programs and operating systems, that is lost or corrupted due to an "accident" to "computer equipment".

The most we will pay for such costs under this data restoration coverage, including actual loss of "business income" you sustain and necessary "extra expenses" you incur, is \$50,000.

**h) Environmental, Safety and Efficiency Improvements**

The following provision does not apply to property insured on an "actual cash value" basis.

If "covered equipment" requires replacement due to loss or damage caused by or resulting from an "accident", we will pay your additional cost to replace with equipment that is better for the environment, more efficient or

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safer than the equipment being replaced.

HOWEVER, we will not pay more under this additional coverage than 125% of what it would have cost to repair or replace damaged "covered equipment" with like kind and quality.

### 3) Additional Exclusions

- a) We will not pay under this Equipment Breakdown Additional Coverage for loss or damage caused by or resulting from:
  - i) Your failure to use all reasonable means to protect the "perishable goods" from damage following an "accident";
  - ii) Any defect, virus, loss of data or other situation within "electronic media and records". But if loss or damage from an "accident" results, we will pay for that resulting loss or damage; or
  - iii) Any of the following tests:
    - i. A hydrostatic, pneumatic or gas pressure test of any boiler or pressure vessel; or
    - ii. An insulation breakdown test of any type of electrical equipment.
- b) With respect to c) Perishable Goods coverage and f) Service Interruption coverage, we will not pay for loss or damage caused by or resulting from: fire; lightning; windstorm or hail; explosion (except for steam or centrifugal explosion); smoke; aircraft or vehicles; riot or civil commotion; vandalism; sprinkler leakage; falling objects; weight of snow, ice or sleet; freezing or collapse.

### 4) Additional Conditions

#### a) Suspension

When any "covered equipment" is found to be in, or exposed to a dangerous condition, any of our representatives may immediately suspend the insurance against loss from an "accident" to that "covered equipment". We can do this by mailing or delivering a written notice of suspension to your address as shown in the Declarations, or at the address where the equipment is located. Once suspended in this way, your insurance can be reinstated only by written notice from us.

#### b) Jurisdictional Inspections

If any property that is "covered equipment" under this Equipment Breakdown Additional Coverage requires inspection to comply with state or municipal boiler and pressure vessel regulations, we agree to perform such inspection on your behalf.

- 5) The most we will pay for loss or damage under this Equipment Breakdown Additional Coverage is the applicable Limit of Insurance shown in the Declarations.

This Equipment Breakdown Additional Coverage will not increase the Limits of Insurance provided by this policy.

### p. Arson Reward for Conviction

- 1) In the event that a covered fire loss was the result of an act of arson, we will pay a reward to anyone, other than paid investigators, who gives legal authorities information that leads to the conviction of anyone who committed such arson.
- 2) We will pay up to 10 percent of the amount of the insured fire loss or \$10,000, whichever is less. This payment is the most we will pay in any one occurrence, regardless of

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the number of persons providing information or convicted of arson.

- 3) The limit for this Arson Reward for Conviction Additional Coverage is in addition to the Limits of Insurance.
- 4) No deductible applies to this Arson Reward for Conviction Additional Coverage.

q. **Money and Securities**

- 1) We will pay for loss of "money" and "securities" used in your business while at a bank or savings institution, within your living quarters or the living quarters of your partners or any employee having use and custody of the property, at the described premises, or in transit by direct route between any of these places, resulting directly from:

- a) Theft, meaning any act of stealing;
- b) Disappearance; or
- c) Destruction.

- 2) In addition to the Limitations and Exclusions applicable to property coverage, we will not pay for loss:

- a) Resulting from accounting or arithmetical errors or omissions;
- b) Due to the giving or surrendering of property in any exchange or purchase;
- c) Of property contained in any "money"-operated device unless the amount of "money" deposited in it is recorded by a continuous recording instrument in the device; or
- d) From an unattended motor vehicle.

- 3) The most we will pay under this Money and Securities Additional Coverage for loss in any one occurrence is:

- a) **Inside the Premises**, \$10,000 for "money" and "securities" while:

- i) In or on the described premises; or

- ii) Within a bank or savings institution;

unless a higher Limit of Insurance for "money" and "securities" inside the premises is shown in the Declarations; and

- b) **Outside the Premises** (Limited - loss from an unattended motor vehicle is excluded), \$10,000 for "money" and "securities" while anywhere else, unless a higher Limit of Insurance for "money" and "securities" outside the premises is shown in the Declarations.

- 4) All loss:

- a) Caused by one or more persons; or
- b) Involving a single act or series of related acts;

is considered one occurrence.

- 5) You must keep records of all "money" and "securities" so we can verify the amount of any loss or damage.

- 6) The limit for this Money and Securities Additional Coverage is in addition to the Limits of Insurance.

r. **Appurtenant Structures**

- 1) We will pay for direct physical loss of or damage to any separate garages, storage buildings, swimming pools, spas, fences, retaining walls and other appurtenant structures usual to your business at the premises described in the Declarations caused by or resulting from any Covered Cause of Loss.

- 2) The most we will pay for loss or damage under this Appurtenant Structures Additional Coverage in any one occurrence is 10% of the Building Limit of Insurance shown in the Declarations for that described premises.

HOWEVER, if the value of any one garage, storage building, swim-

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ming pool, spa, fence, retaining wall or other appurtenant structure exceeds \$50,000, this Appurtenant Structures Additional Coverage does not apply to that structure.

- 3) The limit for this Appurtenant Structures Additional Coverage is in addition to the Limits of Insurance.

**s. Back Up Of Sewer Or Drain Water Damage**

- 1) For the purpose of the Back Up Of Sewer Or Drain Water Damage Additional Coverage the following definition is added;

"Flood" means a general and temporary condition of partial or complete inundation of normally dry land areas from:

- a) The unusual and rapid accumulation or runoff of surface waters from any source;
- b) The overflow of inland or tidal waters; or
- c) Waves, tides or tidal waves.

- 2) We will pay for loss of or damage to Covered Property caused by water that backs up from a sewer or drain, sump pump well or similar device designed to prevent overflow, seepage or leakage of subsurface water.

HOWEVER, we will not pay for loss or damage that results from sewer backup or sump pump overflow that occurs during the period beginning 10 days before and ending 10 days after a "flood" on the insured premises.

- 3) The most we will pay for loss or damage under this coverage is:
  - a) \$5,000 per building; or
  - b) \$25,000 in any one policy period, regardless of the number of losses.
- 4) The limit of of insurance that applies to coverage under this Back Up Of Sewer Or Drain Water Damage Additional Coverage includes

any loss arising from Business Income Additional Coverage and Extra Expense Additional Coverage.

- 5) The limit for this Back Up Of Sewer Or Drain Water Damage Additional Coverage is in addition to the Limits of Insurance.

**t. Dependent Properties - Business Income**

- 1) We will pay for the actual loss of "business income" you sustain due to necessary and unavoidable suspension of your "operations" during the "period of restoration". The suspension must be caused by direct physical loss of or damage to "dependent property" caused by or resulting from any Covered Cause of Loss.
- 2) We will only pay for loss of "business income" that occurs within 12 consecutive months after the date of direct physical loss or damage.
- 3) This Dependent Properties - Business Income Additional Coverage is not subject to the Limits of Insurance.

**6. COVERAGE EXTENSIONS**

Except as otherwise provided, the following Extensions apply to property located in or on the building described in the Declarations or in the open (or in a vehicle) within 1,000 feet of the described premises.

In addition to the Limits of Insurance, you may extend the insurance provided by this policy as follows.

**a. Newly Acquired or Constructed Property**

- 1) You may extend the insurance that applies to:
  - a) Buildings to apply to:
    - i) Your new buildings while being built on the described premises; and
    - ii) Buildings you acquire at locations, other than the described premises, intended for:

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- i. Similar use as the building described in the Declarations; or
  - ii. Use as a warehouse.
- b) The most we will pay for loss or damage under this Coverage Extension for buildings is \$500,000 for each building.
- 2) You may extend the insurance that applies to Business Personal Property to apply to that property at any location you acquire, other than at fairs or exhibitions.

The most we will pay for loss or damage under this Coverage Extension for Business Personal Property is \$250,000 at each premises.

- 3) Insurance under this Newly Acquired or Constructed Property Coverage Extension for each newly acquired or constructed premises will end when any of the following first occurs:
- a) This Policy expires;
  - b) 90 days after you acquire or begin to construct the property; or
  - c) You report values to us.

We will charge you additional premium for values reported from the date construction begins or you acquire the property.

**b. Newly Acquired Locations - Business Income**

- 1) You may extend the insurance that applies to Business Income Additional Coverages to apply to property at any location you newly acquire, other than temporary locations such as fairs or exhibitions, whether attended regularly or not.
- 2) The most we will pay for loss under this Newly Acquired Locations - Business Income Coverage Extension is the lesser of:
  - a) The actual loss of "business income" you sustain, as provided for and described under

the Business Income Additional Coverage; or

b) \$100,000.

- 3) This insurance will end the earlier of:
- a) The policy expiration date;
  - b) 90 days after you acquire the property; or
  - c) You report the property to us.

We will charge you any additional premium from the date you acquire the property.

**c. Personal Property Off Premises**

You may extend the insurance that applies to Business Personal Property to apply to covered Business Personal Property, other than "money", "securities", "valuable papers and records" or accounts receivable, while it is in the course of transit or temporarily at a premises you do not own, lease or operate.

The most we will pay for loss or damage under this Personal Property Off Premises Coverage Extension is \$15,000.

**d. Outdoor Trees, Shrubs, Plants, and Lawns**

- 1) You may extend the insurance provided by this policy to apply to your outdoor trees, shrubs, plants, and lawns (other than "stock"), including debris removal expense, caused by or resulting from any of the following Causes of Loss:

Fire; Lightning; Explosion; Aircraft or vehicles; Riot or civil commotion; Vandalism; or Theft.

- 2) The most we will pay for loss or damage under this Outdoor Trees, Shrubs, Plants, and Lawns Coverage Extension is \$10,000 in any one occurrence, unless a higher limit for outdoor trees, shrubs, plants, and lawns is shown in the Declarations.
- 3) The Debris Removal Additional Coverage does not apply to this

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Outdoor Trees, Shrubs, Plants,  
and Lawns Coverage Extension.

**e. Outdoor Signs**

- 1) You may extend the insurance provided by this policy to apply to your outdoor signs, including debris removal expense, caused by or resulting from risks of direct physical loss or damage.

HOWEVER, we will not pay for loss or damage caused by or resulting from any of the following causes of loss:

- a) Wear and tear;
  - b) Hidden or latent defect;
  - c) Rust; or
  - d) Corrosion.
- 2) The most we will pay for loss or damage under this Outdoor Signs Coverage Extension is \$2,500 in any one occurrence, unless a higher limit for outdoor signs is shown in the Declarations.
  - 3) The Debris Removal Additional Coverage does not apply to this Outdoor Signs Coverage Extension.

**f. Personal Effects**

You may extend the insurance that applies to Business Personal Property to apply to personal effects owned by you, your officers, your partners or your employees.

HOWEVER, personal effects does not include:

- 1) Tools or equipment used in your business; or
- 2) "Money", "securities" or jewelry.

The most we will pay for loss or damage under this Personal Effects Coverage Extension is \$10,000 in any one occurrence, but not more than \$500 for the personal effects of any one individual.

**g. Valuable Papers and Records**

- 1) You may extend the insurance that applies to Business Personal

Property to apply to direct physical loss or damage to "valuable papers and records" that you own, or that are in your care, custody or control, caused by or resulting from a Covered Cause of Loss. This Valuable Papers And Records Coverage Extension includes the cost to research lost information on "valuable papers and records", including those which exist on "electronic media and records", for which duplicates do not exist.

- 2) This Valuable Papers And Records Coverage Extension does not apply to:

- a) Property held as samples or for delivery after sale;
- b) Property in storage away from the premises shown in the Declarations.

- 3) The most we will pay under this Valuable Papers And Records Coverage Extension for loss of or damage to "valuable papers and records", including those which exist on "electronic media and records", in any one occurrence at the described premises is \$10,000, unless a higher Limit of Insurance for "valuable papers and records" is shown in the Declarations.

HOWEVER, for "valuable papers and records", including those which exist on "electronic media and records", not at the described premises, the most we will pay is:

- a) \$2,500; or
- b) 25% of the "valuable papers and records" limit;

whichever is higher.

- 4) Section B. EXCLUSIONS of this Coverage Form does not apply to this Valuable Papers And Records Coverage Extension except for:

- a) Paragraph B.1.c., Governmental Action;
- b) Paragraph B.1.d., Nuclear Hazard;
- c) Paragraph B.1.f., War And Military Action;



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- d) Paragraph B.2.e., Dishonesty;
- e) Paragraph B.2.f., False Pretense;
- f) Paragraph B.3.; and
- g) The Accounts Receivable and "Valuable Papers And Records" Exclusions.

#### h. Accounts Receivable

- 1) You may extend the insurance that applies to Business Personal Property (or that applies to your Buildings, if Business Personal Property is not covered) to apply to your records of accounts receivable. We will pay:

- a) All amounts due from your customers that you are unable to collect;
- b) Interest charges on any loan required to offset amounts you unable to collect pending our payment of these amounts;
- c) Collection expenses in excess of your normal collection expenses that are made necessary by loss or damage; and
- d) Other reasonable expenses that you incur to re-establish your records of accounts receivable;

that result from direct physical loss or damage by any Covered Cause or Loss to your records of accounts receivable.

- 2) The most we will pay under this Accounts Receivable Coverage Extension for loss or damage in any one occurrence at the described premises is \$10,000, unless a higher Limit of Insurance for accounts receivable is shown in the Declarations.

For records of accounts receivable not at the described premises, the most we will pay is \$2,500.

- 3) Section B. EXCLUSIONS of this Coverage Form does not apply to this Accounts Receivable Coverage Extension except for:

- a) Paragraph B.1.c., Governmental Action;
- b) Paragraph B.1.d., Nuclear Hazard;
- c) Paragraph B.1.f., War And Military Action;
- d) Paragraph B.2.f., Dishonesty;
- e) Paragraph B.2.g., False Pretense;
- f) Paragraph B.3.; and
- g) The Accounts Receivable and "Valuable Papers And Records" Exclusions.

#### i. Salespersons Samples

- 1) You may extend the insurance that applies to Business Personal Property to apply to salespersons samples while away from the described premises.
- 2) The most we will pay under this Salespersons Samples Coverage Extension for loss or damage in any one occurrence is \$2,000.

#### j. Business Income and Extra Expense - Increased Period of Restoration Due to Ordinance or Law

If a Covered Cause of Loss occurs to property at the premises described in the Declarations, coverage is extended to include the amount of actual and necessary loss you sustain during the "period of restoration" of "operations" caused by or resulting from the enforcement of any ordinance or law that:

- 1) Regulates the construction or repair of any property;
- 2) Requires the tearing down of parts of any property not damaged by a Covered Cause of Loss; and
- 3) Is in force at the time of loss.

#### k. Removal Permit

If Covered Personal Property is removed to a new premise that is described in the Declarations, you may extend this insurance to include that Covered Personal Property at each premises during the removal. Cover-

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age at each premises will apply in the proportion that the value at each premises bears to the value of all Covered Personal Property being removed. This permit applies up to 30 days after the date Covered Personal Property is first removed at the previous premises; after that, this Removal Permit Coverage Extension does not apply at the previous premises.

## B. EXCLUSIONS

1. We will not pay for loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of any other causes or event that contributes concurrently or in any sequence to the loss.

### a. Ordinance Or Law

The enforcement of any ordinance or law:

- 1) Regulating the construction, use or repair of any property; or
- 2) Requiring the tearing down of any property, including the cost of removing its debris; or
- 3) Requiring the removal or disposal of "pollutants".

This Ordinance Or Law exclusion applies whether the loss results from:

- 1) An ordinance or law that is enforced even if the property has not been damaged; or
- 2) The increased costs incurred to comply with an ordinance or law in the course of construction, repair, renovation, remodeling or demolition of property or removal of its debris, following a physical loss to that property.

### b. Earth Movement

- 1) Earthquake, including any earth sinking, rising or shifting related to such event;
- 2) Landslide, including any earth sinking, rising or shifting related to such event;
- 3) Mine subsidence, meaning subsidence of a man-made mine,

whether or not mining activity has ceased.

- 4) Earth sinking (other than sinkhole collapse), rising or shifting including soil conditions which cause settling, cracking or other disarrangement of foundations or other parts of realty. Soil conditions include contraction, expansion, freezing, thawing, erosion, improperly compacted soil and the action of water under the ground surface.

HOWEVER, if electrical "covered equipment" requires drying out because of the above, we will pay for the direct expenses of such drying out subject to the applicable Limit of Insurance and deductible for Building or Business Personal Property, whichever applies.

But if Earth Movement, as described in 1) through 4) above, results in fire or explosion, we will pay for the loss or damage caused by that fire or explosion.

- 5) Volcanic eruption, explosion or effusion. But if volcanic eruption, explosion or effusion results in fire, building glass breakage or volcanic action, we will pay for the loss or damage caused by that fire, building glass breakage or volcanic action.

Volcanic action means direct loss or damage resulting from the eruption of a volcano when the loss or damage is caused by:

- a) Airborne volcanic blast or airborne shock waves;
- b) Ash, dust, or particulate matter; or
- c) Lava flow.

All volcanic eruptions that occur within any 168-hour period will constitute a single occurrence.

Volcanic action does not include the cost to remove ash, dust or particulate matter that does not cause direct physical loss of or damage to Covered Property.

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**c. Governmental Action**

Seizure or destruction of property by order of governmental authority.

But we will pay for loss or damage caused by or resulting from acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread, if the fire would be covered under this policy.

**d. Nuclear Hazard**

Nuclear reaction or radiation, or radioactive contamination, including but not limited to radon gas, however caused.

But if nuclear reaction or radiation, or radioactive contamination, results in fire, we will pay for the loss or damage caused by that fire.

**e. Off-Premises Services**

The failure of power or other utility service supplied to the described premises, however caused, if the failure occurs away from the described premises.

But if failure of power or other utility service results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

**f. War And Military Action**

- 1) War, including undeclared or civil war;
- 2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- 3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

**g. Water**

- 1) Flood, surface water, waves, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not;

- 2) Mudslide or mudflow;
- 3) Water that backs up or overflows from a sewer, drain or sump, except as provided under the Back Up Of Sewer Or Drain Water Damage Additional Coverage; or
- 4) Water under the ground surface pressing on, or flowing or seeping through:
  - a) Foundations, walls, floors or paved surfaces;
  - b) Basements, whether paved or not; or
  - c) Doors, windows or other openings.

But if Water, as described in B.1.g.1) through B.1.g.4), results in fire, explosion or sprinkler leakage, we will pay for the loss or damage caused by that fire, explosion or sprinkler leakage.

2. We will not pay for loss or damage caused by or resulting from any of the following:

**a. Consequential Losses**

Delay, loss of use or loss of market.

**b. Smoke, Vapor, Gas**

Smoke, vapor or gas from agricultural smudging or industrial operations.

**c. Leakage or Seepage**

Constant or repeated seepage or leakage of water or steam, whether continuous or intermittent from any:

- 1) Heating, air conditioning or refrigerating system;
- 2) Domestic appliance; or
- 3) Plumbing system, including from or around any shower stall or other shower bath installation, bathtub or other plumbing fixture.

**d. Frozen Plumbing**

Water, other liquids, powder or molten material that leaks or flows from plumbing, heating, air conditioning or other equipment (except fire protective systems) caused by or resulting from freezing, unless:

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- 1) You do your best to maintain heat in the building or structure; or
- 2) You drain the equipment and shut off the supply if the heat is not maintained.

**e. Dishonesty**

- 1) Dishonest or criminal acts by you, anyone else with an interest in the property, or any of your or their partners, employees (including leased employees), directors, trustees, authorized representatives or anyone to whom you entrust the property for any purpose.
- 2) This exclusion applies whether or not:
  - a) Such persons are acting alone or in collusion with others; or
  - b) Such acts occur during the hours of employment.
- 3) This exclusion does not apply to:
  - a) Acts of destruction by your employees (including leased employees); but theft by employees (including leased employees) is not covered; or
  - b) Covered Property, including records of accounts receivable and "valuable papers and records", that is entrusted to others who are carriers for hire.

**f. False Pretense**

Voluntary parting with any property by you or anyone else to whom you have entrusted the property if induced to do so by any fraudulent scheme, trick, device or false pretense.

**g. Exposed Property**

Rain, snow, ice or sleet to personal property in the open.

**h. Collapse**

Collapse, except as provided in the Collapse Additional Coverage. But if collapse results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

**i. Pollutants**

We will not pay for loss or damage caused by or resulting from the discharge, dispersal, seepage, migration, release or escape of "pollutants" unless the discharge, dispersal, seepage, migration, release or escape is itself caused by any of the "specified cause of loss". But if the discharge, dispersal, seepage, migration, release or escape of "pollutants" results in a "specified cause of loss", we will pay for the loss or damage caused by that "specified cause of loss".

**j. Other Types Of Loss**

- 1) Wear and tear;
- 2) Rust, corrosion, fungus, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself;
- 3) Smog;
- 4) Settling, cracking, shrinking, bulging or expansion;
- 5) Nesting or infestation, or discharge or release of waste products or secretions, by insects, birds, rodents or other animals;
- 6) Soil Conditions including, but not limited to:
  - a) Corrosive action;
  - b) Chemicals, compounds, elements, suspensions or gels in the soil; or
  - c) The formation of crystals in the soil;
- 7) The following causes of loss to personal property:
  - a) Dampness or dryness of atmosphere;



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- b) Changes in or extremes of temperature; or
- c) Marring or scratching; or

But if an excluded cause of loss that is listed in paragraphs 1) through 7) above results in a "specified cause of loss", "accident" or building glass breakage, we will pay for the loss or damage caused by that "specified cause of loss" or building glass breakage.

3. We will not pay for loss or damage caused by or resulting from any of the following B.3.a. through B.3.d. But if an excluded cause of loss that is listed in B.3.a. through B.3.d. results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

**a. Weather Conditions**

Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in Paragraph 1. above to produce the loss or damage.

**b. Acts Or Decisions**

Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.

**c. Negligent Work**

Faulty, inadequate or defective:

- 1) Planning, zoning, development, surveying, siting;
- 2) Design, specifications, workmanship, work methods, repair, construction, renovation, remodeling, grading, compaction, failure to protect the property;
- 3) Materials used in repair, construction, renovation or remodeling; or
- 4) Maintenance;

of part or all of any property on or off the described premises.

- d. **Errors in Data Processing:** Human errors or omissions in installing, testing, processing, recording or storing information on "electronic media and records" and electronic data processing equipment, including programming errors or faulty machine instructions.

**4. Business Income And Extra Expense Exclusions**

We will not pay for:

- a. Any "extra expense", or increase of "business income" loss, caused by or resulting from:

- 1) Delay in rebuilding, repairing or replacing the property or resuming "operations", due to interference at the location of the rebuilding, repair or replacement by strikers or other persons; or
- 2) Suspension, lapse or cancellation of any license, lease or contract. But if the suspension, lapse or cancellation is directly caused by the suspension of "operations", we will cover such loss that affects your Business Income during the "period of restoration".

- b. Any other consequential loss.

**5. Accounts Receivable And "Valuable Papers And Records" Exclusions**

The following additional exclusions apply to the Accounts Receivable and "Valuable Papers And Records" Coverage Extensions:

- a. We will not pay for loss or damage caused by or resulting from electrical or magnetic injury, disturbance or erasure of electronic recordings that is caused by or results from:

- 1) Programming errors or faulty machine instructions;
- 2) Faulty installation or maintenance of data processing equipment or component parts;

But we will pay for direct loss or damage caused by lightning.

- b. Applicable to "Valuable Papers and Records" only:

We will not pay for loss or damage caused by or resulting from any errors

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or omissions in processing or copying. But if errors or omissions in processing or copying results in fire or explosion, we will pay for the direct loss or damage caused by the fire or explosion.

- c. Applicable to Accounts Receivable only:

We will not pay for:

- 1) Loss or damage caused by or resulting from alteration, falsification, concealment or destruction of records of accounts receivable done to conceal the wrongful giving, taking or withholding of "money", "securities" or other property.

This exclusion applies only to the extent of the wrongful giving, taking or withholding.

- 2) Loss or damage caused by or resulting from bookkeeping, accounting or billing errors or omissions.
- 3) Any loss or damage that requires any audit of records or any inventory computation to prove its factual existence.

#### C. LIMITS OF INSURANCE

1. The most we will pay for loss or damage in any one occurrence is the applicable Limit of Insurance shown in the Declarations, except as otherwise provided in this Section.
2. The limits applicable to Additional Coverages are in addition to the Limit of Insurance only if so indicated in that Section of this Coverage Form.
3. The limits applicable to the Coverage Extensions are in addition to the Limits of Insurance.
4. **Inflation Guard - Building**
  - a. The Limit of Insurance for Buildings will automatically increase by the annual percentage shown in the Declarations.
  - b. The amount of increase will be:
    - 1) The Building limit that applied on the most recent of the policy in-

ception date, the policy anniversary date, or any other policy change amending the Building limit, times

- 2) The percentage of annual increase shown in the Declarations, expressed as a decimal (example: 8% is .08), times
- 3) The number of days since the beginning of the current policy year, or the effective date of the most recent policy change amending the Building limit, divided by 365.

Example:

- If: The applicable Building limit is \$100,000.  
The annual percentage increase is 8%,  
The number of days since the beginning of the policy year (or last Policy change) is 146.

The amount of increase is

$$\$100,000 \times .08 \times (146 / 365) = \$3,200.$$

- c. The Inflation Guard percentage for Buildings will be the percentage selected by you at the inception date or the most recent renewal date of this policy.

#### 5. Inflation Guard - Business Personal Property

- a. The Limit of Insurance for Business Personal Property will automatically increase by the annual percentage shown in the Declarations.
- b. The amount of increase will be:
  - 1) The Limit of Insurance that applied on the most recent of the policy inception date, the policy renewal date, or any other policy change amending the Limit of Insurance, times
  - 2) The percentage of increase shown in the Declarations, expressed as a decimal (example: 2% is .02), times
  - 3) The number of days since the beginning of the current policy year, or since the effective date of the most recent policy change amending the Business Personal Property limit, divided by 365.

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Example:

If: The applicable limit is \$150,000; and

The annual percentage increase is 3%;  
and

The number of days since the beginning of the policy year (or last policy change) is 146;

Then the amount of increase is  
 $\$150,000 \times .03 \times (146 / 365) = \$1,800$ .

- c. The Inflation Guard percentage for Business Personal Property will be the average annual Index shown in the Declarations. This percentage may change at each renewal date.

In no event will the Limit of Insurance be reduced unless you specifically request us to do so.

**6. Business Personal Property Limit - Seasonal Increase**

- a. The Limit of Insurance for Business Personal Property will automatically increase by 25% to provide for seasonal variations.
- b. This increase will apply only if the Limit of Insurance shown for Business Personal Property in the Declarations is at least 100% of your average monthly values during the lesser of:
- 1) The 12 months immediately preceding the date the loss or damage occurs; or
  - 2) The period of time you have been in business as of the date the loss or damage occurs.

**D. DEDUCTIBLES**

1. We will not pay for loss or damage in any one occurrence until the amount of loss or damage exceeds the Deductible shown in the Declarations. We will then pay the amount of loss or damage in excess of the Deductible up to the applicable Limit of Insurance.
2. Regardless of the amount of the Deductible, the most we will deduct from any loss or damage under the Exterior Building Glass Additional Coverage in any one occurrence is \$250.

But this \$250 Deductible will not increase the Deductible shown in the Declarations. This \$250 Deductible will be used to satisfy the requirements of the Deductible in the Declarations.

3. No deductible applies to the following Additional Coverages:
  - a. Fire Department Service Charge;
  - b. Fire Extinguisher Recharge;
  - c. Business Income;
  - d. Extra Expense;
  - e. Civil Authority; and
  - f. Arson Reward for Conviction.

**E. PROPERTY LOSS CONDITIONS**

**1. Abandonment**

There can be no abandonment of any property to us.

**2. Appraisal**

If we and you disagree on the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser after receiving a written request from the other, and will advise the other party of the name of such appraiser within 20 days. The two appraisers will select an umpire. If appraisers cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of property and the amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- a. Pay its chosen appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

**3. Duties In The Event Of Loss Or Damage**

- a. You must see that the following are done in the event of loss of or damage to Covered Property:
  - 1) Notify the police if a law may have been broken.

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- 2) Give us prompt notice of the loss or damage. Include a description of the property involved.
- 3) As soon as possible, give us a description of how, when and where the loss or damage occurred.
- 4) Take all reasonable steps to protect the Covered Property from further damage. If feasible, set the damaged property aside and in the best possible order for examination. Also keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance.

HOWEVER, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss.

- 5) At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values, amount of loss claimed and a detailed description of each item.
  - 6) As often as may be reasonably required, permit us to inspect the damaged property and examine your books and records, including financial records and tax returns.  
  
Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.
  - 7) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.
  - 8) Cooperate with us in the investigation or settlement of the claim.
  - 9) Resume all or part of your "operations" as quickly as possible.
- b. We may examine any insured or their employee under oath, while not in the presence of any other insured or employee, at such times as may be rea-

sonably required, about any matter relating to this insurance or the claim, including an insured's books and records. At our option and expense, any examination under oath may be video or audio taped as well as being recorded by stenographic record. If a written transcript is prepared of the testimony, then at our request your answers under oath must be signed under penalty of perjury.

#### 4. Legal Action Against Us

No one may bring a legal action against us under this insurance unless:

- a. There has been full compliance with all of the terms of this insurance; and
- b. The action is brought within 1 year after the date on which the direct physical loss or damage occurred.

#### 5. Loss Payment

In the event of loss or damage covered by this policy:

- a. At our option, we will either:
  - 1) Pay the value of lost or damaged property as described in e. below;
  - 2) Pay the cost of repairing or replacing the lost or damaged property;
  - 3) Take all or any part of the property at an agreed or appraised value; or
  - 4) Repair, rebuild or replace the property with other property of like kind and quality, subject to b. below.
- b. The cost to repair, rebuild or replace does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property.
- c. We will give notice of our intentions within 30 days after we receive the sworn proof of loss, provided you have complied with all of the conditions set forth in paragraph 3. above.
- d. We will not pay you more than your financial interest in the Covered Property.

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e. Except as provided in (2) through (10) below, we will determine the value of Covered Property as follows:

1) At replacement cost without deduction for depreciation, subject to the following:

a) If, at the time of loss, the Limit of Insurance on the lost or damaged property is 80% or more of the full replacement cost of the property immediately before the loss, we will pay the cost to repair or replace, after application of the deductible and without deduction for depreciation, but not more than the least of the following amounts, subject to E.5.b. above:

i) The Limit of Insurance under this policy that applies to the lost or damaged property;

ii) The cost to replace, on the same premises, the lost or damaged property with other property:

i. Of comparable material and quality; and

ii. Used for the same purpose; or

iii) The amount that you actually spend that is necessary to repair or replace the lost or damaged property.

b) If, at the time of loss, the Limit of Insurance applicable to the lost or damaged property is less than 80% of the full replacement cost of the property immediately before the loss, we will pay the greater of the following amounts, but not more than the Limit of Insurance under this policy that applies to the property:

i) The "actual cash value" of the lost or damaged property; or

ii) A proportion of the cost to repair or replace the lost or damaged property,

after application of the deductible and without deduction for depreciation. This proportion will equal the ratio of the applicable Limit of Insurance to 80% of the cost of repair or replacement.

c) You may make a claim for loss or damage covered by this insurance on an "actual cash value" basis instead of on a replacement cost basis. In the event you elect to have loss or damage settled on an "actual cash value" basis, you may still make a claim on a replacement cost basis if you notify us of your intent to do so within 180 days after the loss or damage.

d) We will not pay on a replacement cost basis for any loss or damage:

i) Until the lost or damaged property is actually repaired or replaced; and

ii) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage.

2) If the "Actual Cash Value - Buildings" option applies, as shown in the Declarations, Paragraph 1) above does not apply to Buildings. Instead, we will determine the value of Buildings at "actual cash value".

3) The following property at "actual cash value":

a) Used or second-hand merchandise held in storage or for sale;

b) Property of others, other than leased personal property you have a contractual responsibility to insure, but this property is not covered for more than the amount for which you are liable, plus the cost of labor, materials or services furnished or arranged by you on personal property of others;

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- c) Household contents, except personal property in apartments or rooms furnished by you as landlord;
  - d) Manuscripts;
  - e) Works of art, antiques or rare articles, including etchings, pictures, statuary, marbles, bronzes, porcelains and bric-a-brac.
- 4) Glass at the cost of replacement with safety glazing material if required by law.
- 5) Tenants' Improvements and Betterments at:
- a) Replacement cost if you make repairs promptly.
  - b) A proportion of your original cost if you do not make repairs promptly. We will determine the proportionate value as follows:
    - i) Multiply the original cost by the number of days from the loss or damage to the expiration of the lease; and
    - ii) Divide the amount determined in i) above by the number of days from the installation of improvements to the expiration of the lease.

If your lease contains a renewal option, the expiration of the renewal option period will replace the expiration of the lease in this procedure.
  - c) Nothing if others pay for repairs or replacement.
- 6) "Valuable papers and records", including those which exist on "electronic media or records" (other than prepackaged software programs), at the cost of:
- a) Blank materials for reproducing the records; and
  - b) Labor to transcribe or copy the records.
- This condition does not apply to "valuable papers and records" that are actually replaced or restored.
- 7) Applicable only to Money and Securities Additional Coverage:
- a) "Money" at its face value; and
  - b) "Securities" at their value at the close of business on the day the loss is discovered.
- 8) Applicable only to Accounts Receivable:
- a) If you cannot accurately establish the amount of accounts receivable outstanding as of the time of loss or damage, the following method will be used:
    - i) Determine the total of the average monthly amounts of accounts receivable for the 12 months immediately preceding the month in which the loss or damage occurs; and
    - ii) Adjust that total for any normal fluctuations in the amount of accounts receivable for the month in which the loss or damage occurred or for any demonstrated variance from the average for that month.
  - b) The following will be deducted from the total amount of accounts receivable, however that amount is established:
    - i) The amount of the accounts for which there is no loss or damage;
    - ii) The amount of the accounts that you are able to re-establish or collect;
    - iii) An amount to allow for probable bad debts that you are normally unable to collect; and
    - iv) All unearned interest and service charges.

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- 9) "Stock" you have sold but not delivered at the selling price less expenses you otherwise would have had.
- 10) Business Income and Extra Expense:
- a) We will determine the amount of a "business income" loss based on:
    - i) the net income of your business before the direct physical loss or damage occurred;
    - ii) the likely net income of your business if no physical loss or damage occurred, but not including any likely increase in net income attributable to an increase in the volume of business as a result of favorable business conditions caused by the impact of the Covered Cause of Loss on customers or on other businesses;
    - iii) the operating expenses, including payroll expenses, necessary to resume "operations" with the same quality of service that existed just before the direct physical loss or damage; and
    - iv) other relevant sources of information, including:
      - i. financial records and accounting procedures;
      - ii. bills, invoices and other vouchers; and
      - iii. deeds, liens and contracts.
  - b) We will determine the amount of "extra expense" based on:
    - i) all expenses that exceed the normal operating expenses that would have been incurred by "operations" during the "period of restoration" if no direct physical loss or damage occurred. The following will be deducted from the total of such expenses:
      - i. the remaining salvage value of any property bought for temporary use during the "period of restoration", once "operations" are resumed; and
      - ii. any "extra expense" that is paid for by other insurance,
    - ii) all necessary expenses that reduce the "business income" loss that otherwise would have been incurred.
- f. Our payment for loss of or damage to personal property of others will only be for the account of the owners of the property. We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claims against us for the owners' property. We will not pay the owners more than their financial interest in the Covered Property.
- g. We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.
- h. We will pay for covered loss or damage within 30 days after we receive the sworn proof of loss, if
- 1) You have complied with all of the terms of this policy, and
  - 2) a) We have reached agreement with you on the amount of loss; or
    - b) An appraisal award has been made.
6. **Recovered Property**
- If either you or we recover any property after loss settlement, that party must give the other prompt notice. At your option, you may retain the property. But then you must return to us the amount we paid to you for the property. We will pay recovery ex-

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penses and the expenses to repair the recovered property, subject to the Limit of Insurance.

HOWEVER if, at the time of loss, the amount of loss or damage to your property exceeded our Limit of Insurance and your property in excess of the Limit of Insurance was turned over to us, you retain your rights to recovery on such uninsured property. We will return to you a portion of any recovery on that property based upon the proportion of the loss in excess of our Limit of Insurance bears to the total loss.

## 7. Resumption Of Operations

We will reduce the amount of your:

- a. Loss payable under Business Income Additional Coverage, other than "extra expense", to the extent you can resume your "operations", in whole or in part, by using damaged or undamaged property (including merchandise or stock) at the described premises or elsewhere.
- b. Loss payable under Extra Expense Additional Coverage to the extent you can return "operations" to normal and discontinue such "extra expense".

## 8. Vacancy

### a. Description Of Terms

- 1) As used in this Vacancy Condition, the term building and the term vacant have the meanings set forth in 1)a) and 1)b) below:
  - a) When this policy is issued to a tenant, and with respect to that tenant's interest in Covered Property, building means the unit or suite rented or leased to the tenant. Such building is vacant when it does not contain enough business personal property to conduct customary operations.
  - b) When this policy is issued to the owner of a building, building means the entire building. Such building is vacant when 70% or more of its total square footage:

- i) Is not rented; or
- ii) Is not used to conduct customary operations.

- 2) Buildings under construction or renovation are not considered vacant.

### b. Vacancy Provisions

If the building where loss or damage occurs has been vacant for more than 60 consecutive days before that loss or damage occurs, we will:

- 1) Not pay for any loss or damage caused by any of the following even if they are Covered Causes of Loss:
  - a) Vandalism;
  - b) Sprinkler leakage, unless you have protected the system against freezing;
  - c) Building glass breakage;
  - d) Water damage;
  - e) Theft; or
  - f) Attempted theft.
- 2) Reduce by 15% the amount we would otherwise pay for the loss or damage caused by a Covered Causes of Loss not listed in 1) above.

## F. PROPERTY GENERAL CONDITIONS

The following conditions apply in addition to the COMMON POLICY CONDITIONS.

### 1. Control Of Property

Any act or neglect of any person other than you beyond your direction or control will not affect this insurance.

The breach of any condition of this Coverage Form, other than the Concealment, Misrepresentation or Fraud Common Policy Condition, at any one or more locations will not affect coverage at any locations where, at the time of loss or damage, the breach of condition did not exist.

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**2. Mortgageholders**

- a. The term "mortgageholder" includes trustee.
- b. We will pay for covered loss of or damage to buildings or structures to each mortgageholder shown in the Declarations in their order of precedence, as interests may appear.
- c. The mortgageholder has the right to receive loss payment even if the mortgageholder has started foreclosure or similar action on the building or structure.
- d. If we deny your claim because of your acts or because you have failed to comply with the terms of this policy, the mortgageholder will still have the right to receive loss payment if the mortgageholder:
  - 1) Pays any premium due under this policy at our request if you have failed to do so;
  - 2) Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and
  - 3) Has notified us of any change in ownership, occupancy or substantial change in risk known to the mortgageholder.

All of the terms of this policy will then apply directly to the mortgageholder.

- e. If we pay the mortgageholder for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this policy:
  - 1) The mortgageholder's rights under the mortgage will be transferred to us to the extent of the amount we pay; and
  - 2) The mortgageholder's right to recover the full amount of the mortgageholder's claim will not be impaired.

At our option, we may pay to the mortgageholder the whole principal on the mortgage plus any accrued interest. In this event, your mortgage and note will be transferred to us and you

will pay your remaining mortgage debt to us.

- f. If we cancel this policy, we will give written notice to the mortgageholder at least:
  - 1) 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or
  - 2) 30 days before the effective date of cancellation if we cancel for any other reason.
- g. If we elect not to renew this policy, we will give written notice to the mortgageholder at least 10 days before the expiration date of this policy.

**3. No Benefit To Bailee**

No person or organization, other than you, having custody of Covered Property will benefit from this insurance.

**4. Policy Period, Coverage Territory**

Under this form:

- a. We cover loss or damage commencing:
  - 1) During the policy period shown in the Declarations; and
  - 2) Within the coverage territory or, with respect to property in transit, while it is between points in the coverage territory.
- b. The coverage territory is:
  - 1) The United States of America (including its territories and possessions);
  - 2) Puerto Rico; and
  - 3) Canada.

**G. OPTIONAL COVERAGES**

If shown as applicable in the Declarations, the following Optional Coverages also apply. These Optional Coverages are subject to the terms and conditions applicable to property coverage in this policy, except as provided below.

**1. Employee Dishonesty Optional Coverage**

- a. We will pay for direct loss of or damage to Business Personal Property and "money" and "securities" resulting

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from dishonest acts committed by any of your employees acting alone or in collusion with other persons (except you, your partner or an officer of a closely held corporation) with the manifest intent to:

- 1) Cause you to sustain loss or damage; and also
  - 2) Obtain financial benefit (other than salaries, commissions, fees, bonuses, promotions, awards, profit sharing, pensions or other employee benefits earned in the normal course of employment) for:
    - a) Any employee; or
    - b) Any other person or organization.
- b. We will not pay for loss or damage:
- 1) Resulting from any dishonest or criminal act that you, any of your partners or any officer of a closely held corporation commit whether acting alone or in collusion with other persons; or
  - 2) The only proof of which as to its existence or amount is:
    - a) An inventory computation; or
    - b) A profit and loss computation.
- c. This Employee Dishonesty Optional Coverage does not apply to any employee immediately upon discovery by:
- 1) You; or
  - 2) Any of your partners, officers or directors not in collusion with the employee;
- of any dishonest act committed by that employee before or after being hired by you.
- d. We will pay only for covered loss or damage discovered no later than one year from the end of the Policy Period.
- e. All loss or damage:
- 1) Caused by one or more persons; or
  - 2) Involving a single act or series of related acts;
- is considered one occurrence.

- f. The most we will pay for loss or damage in any one occurrence is the Limit of Insurance for Employee Dishonesty shown in the Declarations.
- g. We will pay only for loss or damage you sustain through acts committed or events occurring during the policy period. Regardless of the number of years this policy remains in force or the number of premiums paid and regardless that previous policies were in effect, whether issued by us, any affiliated company or any other company, this coverage shall not be cumulative from year to year or period to period.
- h. If you (or any predecessor in interest) sustained loss or damage during the period of any prior insurance that you could have recovered under that insurance except that the time within which to discover loss or damage had expired, we will pay for it under this Optional Coverage, provided:
  - 1) This Optional Coverage became effective at the time of cancellation or termination of the prior insurance; and
  - 2) The loss or damage would have been covered by this Optional Coverage had it been in effect when the acts or events causing the loss or damage were committed or occurred.
- i. The insurance under Paragraph h. above is part of, not in addition to, the Limit of Insurance applying to this Optional Coverage and is limited to the lesser of the amount recoverable under:
  - 1) This Optional Coverage as of its effective date; or
  - 2) The prior insurance had it remained in effect.

## 2. Ordinance or Law Optional Coverages

### a. Coverage 1 - Loss to the Undamaged Portion of Building

When the Declarations show that Ordinance or Law - Coverage 1 applies at a premises described in the Declarations and if a Covered Cause of Loss occurs to covered Building property, we will pay for the loss in value of the

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undamaged portion of the building as a consequence of enforcement of any ordinance or law that:

- 1) Requires the demolition of parts of the same property not damaged by a Covered Cause of Loss;
- 2) Regulates the construction or repair of buildings, or establishes zoning or land use requirements at the premises where the loss occurred; and
- 3) Is in force at the time of loss.

This Coverage 1 of Ordinance or Law Optional Coverage is included within the Limit of Insurance shown in the Declarations as applicable to the covered Building property. This portion of the Ordinance or Law Optional Coverage does not increase the Limit of Insurance.

**b. Coverage 2 - Demolition Cost and Broadened Increased Cost of Construction**

When the Declarations show that Ordinance or Law - Coverage 2 applies at a premises described in the Declarations and if a Covered Cause of Loss occurs to covered Building property.

- 1) We will pay the cost to demolish and remove debris of undamaged parts of the property caused by enforcement of building, zoning, or land use ordinance or law; and
- 2) In addition to the coverage provided for damaged portions of property under the Increased Cost of Construction Additional Coverage, we will also pay for the increased costs to reconstruct or remodel undamaged portions of that Building property, whether or not demolition is required when the increased cost is a consequence of the enforcement of building, zoning or land use ordinance or law.

HOWEVER:

- 1) This Coverage 2 applies only if the restored or remodeled property is intended for similar occupancy as the current property, unless such occupancy is not permitted by

zoning or land use ordinance or law.

- 2) We will not pay for the increased cost of construction if the building is not repaired, reconstructed or remodeled.

Paragraph e. of 5. Loss Payment under Section E. PROPERTY LOSS CONDITIONS does not apply.

The most we will pay for the total of all covered losses under this Coverage 2 of Ordinance or Law Optional Coverage in any occurrence is the Limit of Insurance shown in the Declarations.

The \$10,000 Limit of Insurance that applies to Increased Cost of Construction Additional Coverage is also increased to the Limit of Insurance shown in the Declarations.

This portion of the Ordinance or Law Optional Coverage is in addition to the Limits of Insurance.

**c. Additional Terms and Conditions of Ordinance or Law**

- 1) The terms of this Ordinance or Law Optional Coverage apply separately to each building to which this Optional Coverage applies.
- 2) With respect to this Ordinance or Law Optional Coverage, we will not pay for any costs associated with the enforcement of any ordinance, law, rule, or regulation which requires any insured or others to test for, monitor, clean up, remove, treat, detoxify, or neutralize, or in any way respond to or assess the effects of "pollutants".
- 3) Under this Ordinance or Law Optional Coverage, we will not pay for loss due to any ordinance or law that:
  - a) You were required to comply with before the loss, even if the building was undamaged; and
  - b) You failed to comply with.
- 4) Loss Payment

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- a) When Coverage 1 applies, loss or damage to the building, including loss in value of the undamaged portion of the building due to enforcement of an ordinance or law, will be determined as follows:
  - i) If the property is repaired or replaced, on the same or another premises, we will not pay more than the lesser of:
    - i. The amount you actually spend to repair, rebuild or reconstruct the building, but not for more than the amount it would cost to restore the building on the same premises and to the same height, floor area, style and comparable quality of the original property insured; or
    - ii. The Limit of Insurance applicable to the covered Building property.
  - ii) If the property is not repaired or replaced, we will not pay more than the lesser of:
    - i. The "actual cash value" of the building at the time of loss; or
    - ii. The Limit of Insurance applicable to the covered Building property.
- b) When Coverage 2 applies, the most we will pay, for the total of all covered losses for Demolition Cost and Broadened Increased Cost of Construction, is the Limit of Insurance for Coverage 2.
- c) For Demolition Cost, we will not pay more than the amount you actually spend to demolish and clear the site of the described premises.
- d) With respect to the Broadened Increased Cost of Construction:
  - i. We will not pay for the increased cost of construction until the property is actually repaired or replaced, at the same or another premises; and
  - ii. Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.
  - iii) If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay under Coverage 2 is the increased cost of construction at the same premises.
  - iv) If the ordinance or law requires relocation to another premises, the most we will pay under Coverage 2 is the increased cost of construction at the new premises.
- d. This Ordinance or Law Optional Coverage is not subject to the terms of the Ordinance or Law Exclusion, to the extent that such exclusion would conflict with the provisions of this Optional Coverage.

### 3. Optional Amendment of Coverage - Exclude Theft

When "- Excluding Theft" is stated in the Declarations after **Business Personal Property** coverage, then under:

Subject to this Combined Limit of Insurance, the following loss payment provisions apply:

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- a. Paragraph 3. of Section B. EXCLUSIONS, the following exclusion is added:

**Theft:** Theft or attempted theft resulting in loss of or damage to Business Personal Property.

- b. The Money and Securities Additional Coverage, paragraph 1)a) is deleted.

#### H. PROPERTY DEFINITIONS

The terms "you", "your", "we", "us", "our" and "insured" are defined in the Preamble of this Coverage Form. The following words or phrases, which appear in quotation marks throughout this Coverage Form and any of its endorsements, are defined as follows:

1. **"Accident"** means direct physical loss as follows:
  - a. Mechanical breakdown, including rupture or bursting caused by centrifugal force;
  - b. Artificially generated electrical current, including electric arcing, that disturbs electrical devices, appliances or wires;
  - c. Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control;
  - d. Loss of or damage to steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment; or
  - e. Loss or damage to hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment.
2. **"Actual Cash Value"** means the cost to repair or replace Covered Property, at the time of loss or damage, whether that property has sustained partial or total loss or damage, with material of like kind and quality, subject to a deduction for deterioration, depreciation and obsolescence.
3. **"Business Income"** means the:
  - a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred if no physical loss or damage had occurred, but not including any Net Income that would

likely have been earned as a result of an increase in the volume of business due to favorable business conditions caused by the impact of the Covered Cause of Loss on customers or on other businesses; plus

- b. Necessary continuing normal operating expenses incurred, while "operations" are suspended, including payroll.

4. **"Computer equipment"** means Covered Property that is electronic computer or other data processing equipment, including peripherals used in conjunction with such equipment, and "electronic media and records".

5. **"Covered equipment"** means Covered Property built to operate under vacuum or pressure, other than weight of contents, or used for the generation, transmission or utilization of energy.

None of the following is "covered equipment":

- a. Structure, foundation, cabinet, compartment or air supported structure or building;
- b. Insulating or refractory material;
- c. Sewer piping, underground vessels or piping, piping forming a part of a sprinkler system or water piping other than boiler feedwater piping, boiler condensate return piping or water piping forming a part of a refrigerating or air conditioning system;
- d. Dragline, excavation or construction equipment; or
- e. Equipment manufactured by you for sale.
- f. Vehicle, aircraft or floating vessel or any equipment mounted on such vehicle, aircraft or floating vessel. However, any property that is stationary, permanently installed at a covered location and that receives electrical power from an external power supplier will not be considered a vehicle, aircraft or floating vessel.

6. **"Dependent property"** means property owned or operated by others, not including any described premises, on whom you depend on to:

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- a. Deliver materials or services to you, or to others for your account. Services does not include water, steam, fuel, communication, or power supply services.
  - b. Purchase your products or services.
  - c. Manufacture products for delivery to your customers under contract of sale.
  - d. Attract customers to your business. But this does not include firms in the business of promoting or advertising your business.
7. **"Electronic Media and Records"** means:
- a. Electronic data processing, recording or storage media such as films, tapes, discs, drums or cells;
  - b. Data stored on such media; or
  - c. Programming records used for electronic data processing or electronically controlled equipment.
8. **"Extra Expense"** means expense incurred:
- a. To avoid or minimize the suspension of business and to continue "operations":
    - 1) At the described premises; or
    - 2) At replacement premises or at temporary locations, including relocation expenses and costs to equip and operate the replacement or temporary locations.
  - b. To minimize the suspension of business if you cannot continue "operations".
  - c. (1) To repair or replace any property; or
    - (2) To research, replace or restore the lost information on damaged "valuable papers and records";
 to the extent it reduces the amount of loss that otherwise would have been payable under the Extra Expense Additional Coverage or the Business Income Additional Coverage.
9. **"Hazardous substance"** means any substance other than ammonia that has been declared to be hazardous to health by a governmental agency.
10. **"Money"** means:
- a. Currency, coins and bank notes whether or not in current use and having a face value; and
  - b. Travelers checks, register checks and money orders held for sale to the public.
11. **"Operations"** mean your business activities occurring at the described premises.
12. **"Ordinary payroll expenses"** mean payroll expenses for all your employees except:
- a. Officers;
  - b. Executives;
  - c. Department Managers;
  - d. Employees under contract; and
  - e. Additional Exemptions shown in the Declarations as:
    - 1) Job Classifications; or
    - 2) Employees.
 Ordinary payroll expenses include:
    - a. Payroll;
    - b. Employee benefits, if directly related to payroll;
    - c. FICA payments you pay;
    - d. Union dues you pay; and
    - e. Workers' compensation premiums.
13. **"Period of restoration"** means:
- a. For other than the Dependent Properties Additional Coverage and Business Income and Extra Expense - Increased Period of Restoration Due to Ordinance or Law Additional Coverage:
    - 1) The period of time that:
      - a) Begins with the date of direct physical loss or damage caused by or resulting from any Covered Cause of Loss at the described premises; and
      - b) Ends on the earlier of:
        - i) The date when the property at the described premises should be re-

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- paired, rebuilt or replaced with reasonable speed and similar quality; or
- ii) The date when business is resumed at a new permanent location.
- 2) "Period of restoration" does not include any increased period required due to the enforcement of any ordinance or law that:
- a) Regulates the construction, use or repair, or requires the tearing down of any property; or
- b) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to or assess the effects of "pollutants".
- 3) The expiration date of this policy will not cut short the "period of restoration".
- b. For Business Income and Extra Expense - Increased Period of Restoration Due to Ordinance or Law Additional Coverage:
- 1) The period of time that:
- a) Begins:
- i) At the time of direct physical loss or damage for Business Income Additional Coverage;
- ii) or Immediately after the time of direct physical loss or damage for Extra Expense Additional Coverage:
- Caused by or resulting from any Covered Cause of Loss at the described premises; and
- b) Ends on the earlier of:
- i) The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or
- ii) The date when business is resumed at a new permanent location.
- 2) "Period of restoration" does not include any increased period required due to the enforcement of any ordinance or law that:
- a) Regulates the construction, use or repair, or requires the
- ii) The date when business is resumed at a new permanent location.
- 2) "Period of restoration" includes any increased period required to repair or reconstruct the property to conform with the minimum standards or any ordinance or law, in force at the time of loss, that regulates the construction or repair, or requires the tearing down of any property.
- 3) The expiration date of this policy will not cut short the "period of restoration".
- c. For Dependent Properties Additional Coverage:
- 1) The period of time that:
- a) Begins:
- i) 24 hours after the time of direct physical loss or damage for Business Income Additional Coverage; or
- ii) Immediately after the time of direct physical loss or damage for Extra Expense;
- Caused by or resulting from any Covered Cause of Loss at the premises of the "dependent property"; and
- b) Ends on the earlier of:
- i) The date when the property at the premises of the "dependent property" should be repaired, rebuilt or replaced with reasonable speed and similar quality; or
- ii) The date when your business is resumed at a permanent new location.
- 2) "Period of restoration" does not include any increased period required due to the enforcement of any ordinance or law that:
- a) Regulates the construction, use or repair, or requires the

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tearing down of any property;  
or

- b) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to or assess the effects of "pollutants".

- 3) The expiration date of this policy will not cut short the "period of restoration".

14. **"Perishable goods"** mean personal property maintained under controlled conditions for its preservation, and susceptible to loss or damage if the controlled conditions change.

15. **"Pollutants"** mean any solid, liquid, gaseous or thermal irritant or contaminant, including but not limited to smoke, vapor, soot, fumes, acids, alkalis, petroleum products and their derivatives, chemicals and waste. Such irritants or contaminants are "pollutants" whether or not they have any function in your business, operations, premises, sites or locations.

Waste includes but is not limited to materials to be recycled, reconditioned or reclaimed and livestock, poultry or other animal excrement.

16. **"Securities"** mean negotiable and non-negotiable instruments or contracts representing either "money" or other property and includes:

- a. Tokens, tickets, revenue and other stamps (whether represented by actual stamps or unused value in a meter) whether or not in current use; and
- b. Evidences of debt issued in connection with credit or charge cards, which cards are not issued by you;

It does not include "money" or lottery tickets held for sale.

17. **"Specified Causes of Loss"** means the following:

Fire; lightning; explosion, windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire extinguishing equipment; sinkhole collapse; volcanic action; falling objects; weight of snow, ice or sleet; water damage.

a. Sinkhole collapse means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This cause of loss does not include:

- 1) The cost of filling sinkholes; or
- 2) Sinking or collapse of land into man-made underground cavities.

b. Falling objects does not include loss of or damage to:

- 1) Personal property in the open; or
- 2) The interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.

c. Water damage means accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of any part of a system or appliance (other than a sump system including its related equipment and parts) containing water or steam.

HOWEVER, damage from constant or repeated seepage or leakage of water or steam over a period of weeks, months or years from any part of a system or appliance containing water or steam is not water damage.

18. **"Stock"** means merchandise held in storage or for sale, raw materials and in-process or finished goods, including supplies used in their packing or shipping.

19. **"Valuable papers and records"** mean inscribed, printed, or written:

- a. Documents;
- b. Manuscripts; and
- c. Records;

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including abstracts, books, deeds,  
drawings, films, maps or mortgages.

HOWEVER, "valuable papers and records"  
does not mean:

d. "Money" or "Securities";

e. Converted Data;

f. Programs or instructions used in your  
data processing operations, including  
the materials on which the data is re-  
corded.

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EFFECTIVE DATE: 12:01 AM Standard Time,  
(at your principal place of business)

BUSINESSOWNERS  
PB 00 06 (01-01)

## PREMIER BUSINESSOWNERS LIABILITY COVERAGE FORM

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## PREMIER BUSINESSOWNERS LIABILITY COVERAGE FORM

Various provisions in this policy restrict coverage. Please read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations, and any other person or organization qualifying as a Named Insured under this policy. The words "we", "us" and "our" refer to the Company providing this insurance. The word "insured" means any person or organization qualifying as such under Section II. WHO IS AN INSURED. Other words and phrases that appear in quotation marks have special meaning. Please refer to Section V. DEFINITIONS.

### I. COVERAGES

#### A. COVERAGE A - BODILY INJURY AND PROPERTY DAMAGE LIABILITY

##### 1. INSURING AGREEMENT

- a. We will pay those sums up to the applicable Limit of Insurance that the insured becomes legally obligated to pay as damages because of "bodily injury" or "property damage" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages for which there is coverage under this policy.

HOWEVER, we will have no duty to defend the insured against any "suit" seeking damages for "bodily injury" or "property damage" to which this insurance does not apply.

We may, at our sole discretion, investigate any "occurrence" and settle any claim or "suit" that may result. But:

- 1) The amount we will pay for damages is limited as described in Section III. LIMITS OF INSURANCE; and
- 2) Our right and duty to defend end when we have used up the applicable limit of insurance in the payment of judgments or settlements under COVERAGES A or B or medical expenses under COVERAGE C.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under SUPPLEMENTARY PAYMENTS - COVERAGES A AND B.

- b. This insurance applies to "bodily injury" and "property damage" only if:

- 1) The "bodily injury" or "property damage" is caused by an "occurrence" that takes place in the "coverage territory"; and

- 2) The "bodily injury" or "property damage" occurs during the policy period; and

- 3) Prior to the policy period, no insured listed under Paragraph 1. of Section II. WHO IS AN INSURED and no "employee" authorized by you to give or receive notice of an "occurrence" or claim, knew that the "bodily injury" or "property damage" had occurred, in whole or in part. If such a listed insured or authorized "employee" knew, prior to the policy period, that the "bodily injury" or "property damage" occurred, then any continuation, change or resumption of such "bodily injury" or "property damage" during or after the policy period will be deemed to have been known prior to the policy period.

- c. "Bodily injury" or "property damage" which occurs during the policy period and was not, prior to the policy period, known to have occurred by any insured listed under Paragraph 1. of Section II. WHO IS AN INSURED or any "employee" authorized by you to give or receive notice of an "occurrence" or claim, includes any continuation, change or resumption of that "bodily injury" or "property damage" after the end of the policy period.

- d. "Bodily injury" or "property damage" will be deemed to have been known to have occurred at the earliest time when any insured listed under Paragraph 1. of Section II. WHO IS AN INSURED or any "employee" authorized

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by you to give or receive notice of an "occurrence" or claim:

- 1) Reports all, or any part, of the "bodily injury" or "property damage" to us or any other insurer;
  - 2) Receives a written or verbal demand or claim for damages because of the "bodily injury" or "property damage"; or
  - 3) Becomes aware by any other means that "bodily injury" or "property damage" has occurred or has begun to occur.
- e. Damages because of "bodily injury" include damages claimed by any person or organization for care, loss of services or death resulting at any time from the "bodily injury".

## 2. EXCLUSIONS

This insurance, including any duty we have to defend "suits", does not apply to:

### a. Expected Or Intended Injury

"Bodily injury" or "property damage" which is expected or intended by the insured.

This exclusion applies even if the resulting "bodily injury" or "property damage":

- 1) Is of a different kind, quality or degree than initially expected or intended; or
- 2) Is sustained by a different person, entity, real property, or personal property than that initially expected or intended.

HOWEVER, this exclusion does not apply to "bodily injury" resulting from the use of reasonable force to protect persons or property.

### b. Contractual Liability

"Bodily injury" or "property damage" for which the insured is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages:

- 1) That the insured would have in the absence of the contract or agreement; or
- 2) Assumed in a contract or agreement that is an "insured contract", provided the "bodily injury" or "property damage" occurs subsequent to the execution of the contract or agreement. Solely for the purposes of liability assumed in an "insured contract", reasonable attorney fees and necessary litigation expenses incurred by or for a party other than an insured are deemed to be damages because of "bodily injury" or "property damage", provided:
  - a) Liability to such party for, or for the cost of, that party's defense has also been assumed in the same "insured contract"; and
  - b) Such attorney fees and litigation expenses are for defense of that party against a civil or alternative dispute resolution proceeding in which damages to which this insurance applies are alleged.

### c. Liquor Liability

"Bodily injury" or "property damage" for which any insured may be held liable by reason of:

- 1) Causing or contributing to the intoxication of any person;
- 2) The furnishing of alcoholic beverages to a person under the legal drinking age or under the influence of alcohol; or
- 3) Any statute, ordinance or regulation relating to the sale, gift, distribution or use of alcoholic beverages.

This exclusion applies only if you:

- 1) Manufacture, sell or distribute alcoholic beverages;
- 2) Serve or furnish alcoholic beverages for a charge whether or not such activity:
  - a) Requires a license; or

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b) Is for the purpose of financial gain or livelihood; or

- 3) Serve or furnish alcoholic beverages without a charge, if a license is required for such activity.

**d. Laws**

Any liability or legal obligation of any insured with respect to "bodily injury" or "property damage" arising out of any of the following:

- 1) Any federal, state, county, municipal or local law, ordinance, order, directive or regulation barring discrimination, including but not limited to those based on race, color, national origin, ancestry, citizenship, gender, sexual orientation, marital status, religion or religious belief, age, economic status, income, medical condition, pregnancy, parenthood or mental or physical disability;
- 2) Any workers' compensation, unemployment compensation, disability benefits law, or any other statutory benefits law;
- 3) The Migrant and Seasonal Agricultural Worker Protection Act;
- 4) Any state, federal or governmental antitrust statute or regulation, including but not limited to the Racketeer Influenced and Corrupt Organizations Act (RICO), the Securities Act of 1933, the Securities Exchange Act of 1934, or any state Blue Sky law;
- 5) The Employees' Retirement Income Security Act (E.R.I.S.A.) of 1974; or
- 6) Any other similar statutes, ordinances, orders, directives or regulations.

**e. Employer's Liability**

"Bodily injury" to:

- 1) An "employee" of the insured arising out of and in the course of:
  - a) Employment by the insured; or

b) Performing duties related to the conduct of the insured's business; or

- 2) The spouse, child, parent, brother or sister of that "employee" as a consequence of Paragraph 1) above.

This exclusion applies:

- 1) Whether the insured may be liable as an employer or in any other capacity; and
- 2) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

This exclusion does not apply to liability assumed by the insured under an "insured contract".

**f. Pollution**

- 1) "Bodily injury" or "property damage" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants":

- a) At or from any premises, site or location which is or was at any time owned or occupied by, or rented or loaned to, any insured.

HOWEVER, this subparagraph does not apply to:

- i) "Bodily injury" if sustained within a building and caused by smoke, fumes, vapor or soot from equipment used to heat that building;
- ii) "Bodily injury" or "property damage" for which you may be held liable, if you are a contractor and the owner or lessee of such premises, site or location has been added to your policy as an additional insured with respect to your ongoing operations performed for that additional insured at that premises, site or location and such premises, site or location is

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not and never was owned or occupied by, or rented or loaned to, any insured, other than that additional insured; or

- iii) "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire";
- b) At or from any premises, site or location which is or was at any time used by or for any insured or others for the handling, storage, disposal, processing or treatment of waste;
- c) Which are or were at any time transported, handled, stored, treated, disposed of, or processed as waste by or for any insured or any person or organization for whom you may be legally responsible; or
- d) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the "pollutants" are brought on or to the premises, site or location in connection with such operations by such insured, contractor or subcontractor.

HOWEVER, this subparagraph does not apply to:

- i) "Bodily injury" or "property damage" arising out of the escape of fuels, lubricants or other operating fluids which are needed to perform the normal electrical, hydraulic or mechanical functions necessary for the operation of "mobile equipment" or its parts, if such fuels, lubricants or other operating fluids escape from a vehicle part designed to hold, store or receive them. This exception does not apply if the "bodily injury" or "property damage" arises out of the intentional dis-

charge, dispersal or release of the fuels, lubricants or other operating fluids, or if such fuels, lubricants or other operating fluids are brought on or to the premises, site or location with the intent that they be discharged, dispersed or released as part of the operations being performed by such insured, contractor or subcontractor;

- ii) "Bodily injury" or "property damage" sustained within a building and caused by the release of gases, fumes or vapors from materials brought into that building in connection with operations being performed by you or on your behalf by a contractor or subcontractor; or
  - iii) "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire".
  - e) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the operations are to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants".
- 2) Any loss, cost or expense arising out of any:
- a) Request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants"; or
  - b) Claim or "suit" by or on behalf of a governmental authority for damages because of test-

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ing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants".

HOWEVER, this paragraph does not apply to liability for damages because of "property damage" that the insured would have in the absence of such request, demand, order or statutory or regulatory requirement, or such claim or "suit" by or on behalf of a governmental authority.

**g. Aircraft, Auto Or Watercraft**

"Bodily injury" or "property damage" arising out of the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft owned or operated by or rented or loaned to any insured. Use includes operation and "loading or unloading".

HOWEVER, this exclusion does not apply to:

- 1) A watercraft while ashore on premises you own or rent;
- 2) A watercraft you do not own that is:
  - a) Less than 26 feet long; and
  - b) Not being used to carry persons or property for a charge;
- 3) Parking an "auto" on, or on the ways next to, premises you own or rent, provided the "auto" is not owned by or rented or loaned to you or the insured;
- 4) Liability assumed under any "insured contract" for the ownership, maintenance or use of aircraft or watercraft; or
- 5) "Bodily injury" or "property damage" arising out of the operation of any of the equipment listed in Paragraph f.2) or f.3) of the definition of "mobile equipment".

**h. Mobile Equipment**

"Bodily injury" or "property damage" arising out of:

- 1) The transportation of "mobile equipment" by an "auto" owned or operated by or rented or loaned to any insured; or
- 2) The use of "mobile equipment" in, or while in practice for, or while being prepared for, any prearranged racing, speed, demolition, or stunting activity.

**i. War**

"Bodily injury" or "property damage" due to war, whether or not declared, or any act or condition incident to war. War includes civil war, insurrection, rebellion or revolution. This exclusion applies only to liability assumed under a contract or agreement.

**j. Damage To Property**

"Property damage" to:

- 1) Property you own, rent, or occupy;
- 2) Premises you sell, give away or abandon, if the "property damage" arises out of any part of those premises;
- 3) Property loaned to you;
- 4) Personal property in the care, custody or control of the insured;
- 5) That particular part of real property on which you or any contractors or subcontractors working directly or indirectly on your behalf are performing operations, if the "property damage" arises out of those operations; or
- 6) That particular part of any property that must be restored, repaired or replaced because "your work" was incorrectly performed on it.

Other than damage by the Covered Causes of Loss provided under Tenants Property Damage Legal Liability, paragraph 1), 3) and 4) of this exclusion do not apply to "property damage" to premises, including the contents of such premises, rented to you for a period of 7 or fewer consecutive days. A

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separate limit of insurance applies to Damage To Premises Rented To You as described in Section III. LIMITS OF INSURANCE.

Paragraph 2) of this exclusion does not apply if the premises are "your work" and were never occupied, rented or held for rental by you.

Paragraphs 3), 4), 5) and 6) of this exclusion do not apply to liability assumed under a sidetrack agreement.

Paragraph 6) of this exclusion does not apply to "property damage" included in the "products-completed operations hazard".

**k. Damage To Your Product**

"Property damage" to "your product", arising out of it or any part of it.

**l. Damage To Your Work**

"Property damage" to "your work" arising out of it or any part of it and included in the "products-completed operations hazard".

HOWEVER, this exclusion does not apply if the damaged work, or the work out of which the damage arises, was performed on your behalf by a sub-contractor.

**m. Damage To Impaired Property Or Property Not Physically Injured**

"Property damage" to "impaired property" or property that has not been physically injured, arising out of:

- 1) A defect, deficiency, inadequacy or dangerous condition in "your product" or "your work"; or
- 2) A delay or failure by you or anyone acting on your behalf to perform a contract or agreement in accordance with its terms.

This exclusion does not apply to the loss of use of other property arising out of sudden and accidental physical injury to "your product" or "your work" after it has been put to its intended use.

**n. Recall Of Products, Work Or Impaired Property**

Damages claimed for any loss, cost or expense incurred by you or others for the loss of use, withdrawal, recall, inspection, repair, replacement, adjustment, removal or disposal of:

- 1) "Your product";
- 2) "Your work"; or
- 3) "Impaired property";

if such product, work, or property is withdrawn or recalled from the market or from use by any person or organization because of a known or suspected defect, deficiency, inadequacy or dangerous condition in it.

**o. Personal And Advertising Injury**

"Bodily injury" arising out of "personal and advertising injury".

**p. Bodily Injury To Any Insured "Bodily injury" to:**

- 1) Any insured; or
- 2) Any insured whenever the ultimate benefits of any indemnification will accrue directly or indirectly to any insured or the heirs of any insured.

**q. Damage To Named Insured's Property**

Any claim or "suit" for "property damage" by you or on your behalf against any other person or organization that is also a Named Insured under this policy.

**r. Abuse or Molestation**

"Bodily injury" or "property damage" arising out of:

- 1) The actual or threatened abuse or molestation by anyone of any person while in the care, custody or control of any insured, or
- 2) The negligent:
  - a) Employment;
  - b) Investigation;
  - c) Supervision;



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d) Reporting to the proper authorities, or failure to so report; or

e) Retention;

of a person for whom any insured is or ever was legally responsible and whose conduct would be excluded by Paragraph 1) above.

**s. Asbestos, Electromagnetic Emissions, Lead or Radon**

"Bodily injury" or "property damage" arising out of:

- 1) Asbestos including but not limited to any injury or damage related to, arising or alleged to have arisen out of any use, exposure, existence, detection, removal, elimination, avoidance, act, error, omission, failure to disclose or warn of the presence of asbestos or any other duty involving asbestos;
- 2) Electromagnetic emissions or radiation including but not limited to any injury or damage related to, arising or alleged to have arisen out of any use, exposure, existence, detection, removal, elimination, avoidance, act, error, omission, failure to disclose or warn of the presence of electromagnetic emissions or radiation or any other duty involving electromagnetic emissions or radiation;
- 3) Lead including but not limited to any injury or damage related to, arising or alleged to have arisen out of any use, exposure, existence, detection, removal, elimination, avoidance, act, error, omission, failure to disclose or warn of the presence of lead or any other duty involving lead; or
- 4) Radon or any other radioactive emissions, manmade or natural, including but not limited to any injury or damage related to, arising or alleged to have arisen out of any use, exposure, existence, detection, removal, elimination, avoidance, act, error, omission, failure to disclose or warn of the presence of radon or any other

radioactive emissions or any other duty involving radon or other radioactive emissions.

**t. Employment Practices**

"Bodily injury" to:

- 1) A person arising out of any:

- a) Refusal to employ that person;
- b) Termination of that person's employment; or
- c) Employment-related practices, policies, acts or omissions, such as coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation or discrimination directed at that person; or

- 2) The spouse, child, parent, brother or sister of that person as a consequence of "bodily injury" to that person at whom any of the employment-related practices described in Paragraphs a), b), or c) above is directed.

This exclusion applies:

- 1) Whether the insured may be liable as an employer or in any other capacity; and
- 2) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

**u. Fiduciary Responsibility**

"Bodily injury" or "property damage" arising out of the ownership, maintenance or use, including all related operations, of property in relation to which you or any insured is acting in any fiduciary or representative capacity.

**v. Professional Services**

"Bodily injury" or "property damage" that arises out of or is a result of the rendering of, or failure to render, any professional service, treatment, advice or instruction. This exclusion includes, but is not limited to, any:

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- 1) Legal, accounting, insurance, real estate, financial, advertising or consulting service, advice or instruction;
  - 2) Preparing, approving, or failing to prepare or approve maps, drawings, opinions, reports, surveys, change orders, designs or specifications;
  - 3) Supervisory, inspection, engineering, or architectural service, advice or instruction;
  - 4) Medical, surgical, psychiatric, chiropractic, chiropody, physiotherapy, osteopathy, acupuncture, dental, x-ray, nursing or any other health service, treatment, advice or instruction;
  - 5) Any psychological therapy or any other counseling or mental health service, treatment, advice or instruction;
  - 6) Any service, treatment, advice or instruction for the purpose of appearance or skin enhancement, hair removal or replacement or personal grooming, including but not limited to cosmetology, tansorial, tattooing, tanning or massage;
  - 7) Optometry or optical or hearing aid service, treatment, advice or instruction, including the prescribing, preparation, fitting, demonstration or distribution of ophthalmic lenses and similar products or hearing aid devices;
  - 8) Ear or other body piercing service, treatment, advice or instruction; or
  - 9) Service, treatment, advice or instruction in the practice of pharmacy.
- w. **Testing, Evaluating or Consulting**
- "Bodily injury" or "property damage" arising out of:
- 1) An error, omission, defect or deficiency:
    - a) In any test performed, or any evaluation, consultation or advice given by or on behalf of you or any insured; or
    - b) In experimental data or the insured's interpretation of that data.
  - 2) The reporting of or reliance upon any such test, evaluation, consultation or advice.

### 3. **TENANTS PROPERTY DAMAGE LEGAL LIABILITY**

#### **Certain Exclusions Not Applicable**

Exclusions c. through n., p., q., r., t., u., v. and w. do not apply to "property damage" to premises while rented to you or temporarily occupied by you with permission of the owner, if such "property damage" arises out of a Covered Cause Of Loss provided under the BUSINESSOWNERS PROPERTY COVERAGE FORM. A separate limit of insurance, called Tenants Property Damage Legal Liability Limit, applies to this coverage as described in Section III. LIMITS OF INSURANCE.

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**B. COVERAGE B - PERSONAL AND ADVERTISING INJURY LIABILITY****1. INSURING AGREEMENT**

- a. We will pay those sums up to the applicable Limit of Insurance that the insured becomes legally obligated to pay as damages because of "personal and advertising injury" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages for which there is coverage under this policy.

HOWEVER, we will have no duty to defend the insured against any "suit" seeking damages for "personal and advertising injury" to which this insurance does not apply.

We may, at our sole discretion, investigate any offense and settle any claim or "suit" that may result. But:

- 1) The amount we will pay for damages is limited as described in Section III. LIMITS OF INSURANCE; and
- 2) Our right and duty to defend end when we have used up the applicable limit of insurance in the payment of judgments or settlements under COVERAGES A or B or medical expenses under COVERAGE C.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under SUPPLEMENTARY PAYMENTS - COVERAGES A AND B.

- b. This insurance applies to "personal and advertising injury" caused by an offense arising out of your business but only if the offense was committed in the "coverage territory" during the policy period.

**2. EXCLUSIONS**

This insurance, including any duty we have to defend "suits", does not apply to:

- a. "Personal and advertising injury":
- 1) Caused by or at the direction of the insured with the knowledge that the act would violate the

rights of another and would inflict "personal and advertising injury";

- 2) Arising out of oral or written publication of material, if done by or at the direction of the insured with knowledge of its falsity;
- 3) Arising out of oral or written publication of material whose first publication took place before the beginning of the policy period;
- 4) Arising out of a criminal act committed by or at the direction of any insured;
- 5) For which the insured has assumed liability in a contract or agreement.

HOWEVER, this exclusion does not apply to liability for damages that the insured would have in the absence of the contract or agreement;

- 6) Arising out of a breach of contract, except an implied contract to use another's advertising idea in your "advertisement";
- 7) Arising out of the failure of goods, products or services to conform with any statement of quality or performance made in your "advertisement";
- 8) Arising out of the wrong description of the price of goods, products or services stated in your "advertisement";
- 9) Committed by an insured whose business is advertising, broadcasting, publishing or telecasting.

HOWEVER, this exclusion does not apply to Paragraphs a., b. and c. of the definition of "personal and advertising injury" under Section V. DEFINITIONS;

- 10) Arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants" at any time;
- 11) Any liability or legal obligation of any insured arising out of any of the following:

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- a) Any federal, state, county, municipal or local law, ordinance, order, directive or regulation barring discrimination, including but not limited to those based on race, color, national origin, ancestry, citizenship, gender, sexual orientation, marital status, parenthood, religion or religious belief, age, economic status, income, medical condition, pregnancy, or mental or physical disability;
  - b) Any workers' compensation, unemployment compensation, disability benefits law, or any other statutory benefits law;
  - c) The Migrant and Seasonal Agricultural Worker Protection Act;
  - d) Any state, federal or governmental antitrust statute or regulation, including but not limited to the Racketeer Influenced and Corrupt Organizations Act (RICO), the Securities Act of 1933, the Securities Exchange Act of 1934, or any state Blue Sky law;
  - e) The Employees' Retirement Income Security Act (E.R.I.S.A.) of 1974; or
  - f) Any other similar statutes, ordinances, orders, directives or regulations;
- 12) Arising out of:
- a) The actual or threatened abuse or molestation by anyone of any person while in the care, custody or control of any insured, or
  - b) The negligent:
    - i) Employment;
    - ii) Investigation;
    - iii) Supervision;
    - iv) Reporting to the proper authorities, or failure to so report; or
    - v) Retention;
- 13) To:
- a) A person arising out of any:
    - i) Refusal to employ that person;
    - ii) Termination of that person's employment; or
    - iii) Employment-related practices, policies, acts or omissions, such as coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation or discrimination directed at that person; or
  - b) The spouse, child, parent, brother or sister of that person as a consequence of "personal and advertising injury" to that person at whom any of the employment-related practices described in Paragraphs i), ii), or iii) above is directed.
- This exclusion applies:
- a) Whether the insured may be liable as an employer or in any other capacity; and
  - b) To any obligation to share damages with or repay someone else who must pay damages because of the injury;
- 14) Arising out of:
- a) Asbestos including but not limited to any injury or damage related to, arising or alleged to have arisen out of any use, exposure, existence, detection, removal, elimination, avoidance, act, error, omission, failure to disclose or warn of the presence of asbestos or any other duty involving asbestos;
  - b) Electromagnetic emissions or radiation including but not
- of a person for whom any insured is or ever was legally responsible and whose conduct would be excluded by Paragraph a) above;

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- limited to any injury or damage related to, arising or alleged to have arisen out of any use, exposure, existence, detection, removal, elimination, avoidance, act, error, omission, failure to disclose or warn of the presence of electromagnetic emissions or radiation or any other duty involving electromagnetic emissions or radiation;
- c) Lead including but not limited to any injury or damage related to, arising or alleged to have arisen out of any use, exposure, existence, detection, removal, elimination, avoidance, act, error, omission, failure to disclose or warn of the presence of lead or any other duty involving lead; or
  - d) Radon or any other radioactive emissions, manmade or natural, including but not limited to any injury or damage related to, arising or alleged to have arisen out of any use, exposure, existence, detection, removal, elimination, avoidance, act, error, omission, failure to disclose or warn of the presence of radon or any other radioactive emissions or any other duty involving radon or other radioactive emissions;
- 15) That arises out of the ownership, maintenance or use, including all related operations, of property in relation to which you or any insured is acting in any fiduciary or representative capacity;
- 16) That arises out of or is a result of the rendering of, or failure to render, any professional service, treatment, advice or instruction. This exclusion includes, but is not limited to any:
- a) Legal, accounting, insurance, real estate, financial, advertising or consulting service, advice or instruction;
  - b) Preparing, approving, or failing to prepare or approve maps, drawings, opinions, reports, surveys, change orders, designs or specifications;
  - c) Supervisory, inspection, engineering, or architectural service, advice or instruction;
  - d) Medical, surgical, psychiatric, chiropractic, chiropody, physiotherapy, osteopathy, acupuncture, dental, x-ray, nursing or any other health service, treatment, advice or instruction;
  - e) Any psychological therapy or any other counseling or mental health service, treatment, advice or instruction;
  - f) Any service, treatment, advice or instruction for the purpose of appearance or skin enhancement, hair removal or replacement or personal grooming, including but not limited to cosmetology, tansorial, tattooing, tanning or massage.
  - g) Optometry or optical or hearing aid service, treatment, advice or instruction, including the prescribing, preparation, fitting, demonstration or distribution of ophthalmic lenses and similar products or hearing aid devices;
  - h) Ear or other body piercing service, treatment, advice or instruction; or
  - i) Service, treatment, advice or instruction in the practice of pharmacy; or
- 17) Arising out of:
- a) An error, omission, defect or deficiency:
    - i) In any test performed, or any evaluation, consultation or advice given by or on behalf of you or any insured; or
    - ii) In experimental data or the insured's interpretation of that data.

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- b) The reporting of or reliance upon any such test, evaluation, consultation or advice.
- b. Any loss, cost or expense arising out of any:
  - 1) Request, demand or order that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants"; or
  - 2) Claim or "suit" by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any responding to, or assessing the effects of, "pollutants".

**C. COVERAGE C - MEDICAL PAYMENTS****1. INSURING AGREEMENT**

- a. We will pay medical expenses as described below for "bodily injury" caused by an accident:
  - 1) On premises you own or rent;
  - 2) On ways next to premises you own or rent; or
  - 3) Because of your operations;
 provided that:
  - 1) The accident takes place in the "coverage territory" and during the policy period;
  - 2) The expenses are incurred and reported to us within one year of the date of the accident; and
  - 3) The injured person submits to examination, at our expense, by physicians of our choice as often as we reasonably require.
- b. We will make these payments regardless of fault. These payments will not exceed the applicable limit of insurance. We will pay reasonable expenses for:
  - 1) First aid administered at the time of an accident;

- 2) Necessary medical, surgical, x-ray and dental services, including prosthetic devices; and
- 3) Necessary ambulance, hospital, professional nursing and funeral services.

**2. EXCLUSIONS**

We will not pay expenses for "bodily injury":

- a. To any insured.
- b. To a person hired to do work for or on behalf of any insured or a tenant of any insured.
- c. To a person injured on that part of premises you own or rent that the person normally occupies.
- d. To a person, whether or not an "employee" of any insured, if benefits for the "bodily injury" are payable or must be provided under a workers' compensation or disability benefits law or a similar law.
- e. To a person injured while taking part in athletics.
- f. Included within the "products-completed operations hazard".
- g. Excluded under COVERAGE A.
- h. Due to war, whether or not declared, or any act or condition incident to war. War includes civil war, insurrection, rebellion or revolution.

**D. SUPPLEMENTARY PAYMENTS - COVERAGES A AND B**

- 1. We will pay, with respect to any claim we investigate or settle, or any "suit" against an insured we defend:
  - a. All expenses we incur.
  - b. Up to \$250 for cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which the Bodily Injury Liability Coverage applies. We do not have to furnish these bonds.
  - c. The cost of bonds to release attachments, but only for bond amounts within the applicable limit of insurance. We do not have to furnish these bonds.

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- d. All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or "suit", including actual loss of earnings up to \$250 a day because of time off from work.
- e. All costs taxed against the insured in the "suit".
- f. Prejudgment interest awarded against the insured on that part of the judgment we pay. If we make an offer to pay the applicable limit of insurance, we will not pay any prejudgment interest based on that period of time after the offer.
- g. All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within the applicable limit of insurance.

These payments will not reduce the limits of insurance.

- 2. If we defend an insured against a "suit" and an indemnitee of the insured is also named as a party to the "suit", we will defend that indemnitee if all of the following conditions are met:
  - a. The "suit" against the indemnitee seeks damages for which the insured has assumed the liability of the indemnitee in a contract or agreement that is an "insured contract";
  - b. This insurance applies to such liability assumed by the insured;
  - c. The obligation to defend, or the cost of the defense of, that indemnitee, has also been assumed by the insured in the same "insured contract";
  - d. The allegations in the "suit" and the information we know about the "occurrence" are such that no conflict appears to exist between the interests of the insured and the interests of the indemnitee;
  - e. The indemnitee and the insured ask us to conduct and control the defense of that indemnitee against such "suit" and agree that we can assign the same counsel to defend the insured and the indemnitee; and

- f. The indemnitee:

- 1) Agrees in writing to:
  - a) Cooperate with us in the investigation, settlement or defense of the "suit";
  - b) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the "suit";
  - c) Notify any other insurer whose coverage is available to the indemnitee; and
  - d) Cooperate with us with respect to coordinating other applicable insurance available to the indemnitee; and
- 2) Provides us with written authorization to:
  - a) Obtain records and other information related to the "suit"; and
  - b) Conduct and control the defense of the indemnitee in such "suit".

So long as the above conditions are met, attorneys' fees incurred by us in the defense of that indemnitee, necessary litigation expenses incurred by us and necessary litigation expenses incurred by the indemnitee at our request will be paid as Supplementary Payments. Notwithstanding the provisions of Paragraph 2.b.2) of Section I. COVERAGE, A. COVERAGE A - BODILY INJURY AND PROPERTY DAMAGE LIABILITY, such payments will not be deemed to be damages for "bodily injury" and "property damage" and will not reduce the limits of insurance.

Our obligation to defend an insured's indemnitee and to pay for attorneys' fees and necessary litigation expenses as Supplementary Payments ends when:

- a. We have used up the applicable limit of insurance in the payment of judgments or settlements; or
- b. The conditions set forth above, or the terms of the agreement described in Paragraph f. above, are no longer met.



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**II. WHO IS AN INSURED****1. If you are:**

- a. An individual, you and your spouse are insureds, but only with respect to the conduct of a business of which you are the sole owner.
- b. A partnership or joint venture, you are an insured. Your members, your partners, and their spouses are also insureds, but only with respect to the conduct of your business.
- c. A limited liability company, you are an insured. Your members are also insureds, but only with respect to the conduct of your business. Your managers are insureds, but only with respect to their duties as your managers.
- d. A trust, you are an insured. Your trustee or co-trustees are also insureds, but only with respect to their duties as a trustee in connection with your property, operations and activities.
- e. An organization other than a partnership, joint venture or limited liability company, you are an insured. Your "executive officers" and directors are insureds, but only with respect to their duties as your officers or directors. Your stockholders are also insureds, but only with respect to their liability as stockholders.

**2. Each of the following is also an insured:**

- a. Your "employees", other than either your "executive officers" (if you are an organization other than a partnership, joint venture or limited liability company) or your managers (if you are a limited liability company), but only for acts within the scope of their employment by you or while performing duties related to the conduct of your business.

HOWEVER, none of these "employees" is an insured for:

- 1) "Bodily injury" or "personal and advertising injury":
  - a) To you, to your partners or members (if you are a partnership or joint venture), to your members (if you are a limited liability company), or to a co-"employee" while that co-"employee" is either in the

course of his or her employment or performing duties related to the conduct of your business;

- b) To the spouse, child, parent, brother or sister of that co-"employee" as a consequence of Paragraph 1)a) above;
- c) For which there is any obligation to share damages with or repay someone else who must pay damages because of the injury described in Paragraphs 1)a) or b) above; or
- d) Arising out of his or her providing or failing to provide professional health care services.

**2) "Property damage" to property:**

- a) Owned, occupied or used by; or
- b) Rented to, in the care, custody or control of, or over which physical control is being exercised for any purpose by,

you, any of your "employees", any partner or member (if you are a partnership or joint venture), or any member (if you are a limited liability company).

- b. Any person (other than your "employee"), or any organization while acting as your real estate manager.

- c. Any person or organization having proper temporary custody of your property if you die, but only:

- 1) With respect to liability arising out of the maintenance or use of that property; and
- 2) Until your legal representative has been appointed.

- d. Your legal representative if you die, but only with respect to duties as such. That representative will have all your rights and duties under this policy.

- 3. With respect to "mobile equipment" registered in your name under any motor vehicle registration law, any person is an insured while driving such equipment along a public highway with your permission. Any other person or organization responsible for the

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conduct of such person is also an insured, but only with respect to liability arising out of the operation of the equipment, and only if no other insurance of any kind is available to that person or organization for this liability.

HOWEVER, no person or organization is an insured with respect to:

- a. "Bodily injury" to a co-"employee" of the person driving the equipment; or
  - b. "Property damage" to property owned by, rented to, in the charge of or occupied by you or the employer of any person who is an insured under this provision.
4. Any organization you newly acquire or form, other than a partnership, joint venture or limited liability company, and over which you maintain ownership or majority interest, will qualify as a Named Insured if there is no other similar insurance available to that organization.

HOWEVER:

- a. Coverage under this provision is afforded only until the 90th day after you acquire or form the organization or the end of the policy period, whichever is earlier;
  - b. COVERAGE A does not apply to "bodily injury" or "property damage" that occurred before you acquired or formed the organization; and
  - c. COVERAGE B does not apply to "personal and advertising injury" arising out of an offense committed before you acquired or formed the organization.
5. No person or organization is an insured with respect to the conduct of any current or past partnership, joint venture or limited liability company that is not shown as a Named Insured in the Declarations.
6. **Automatic Additional Insureds**

Any of the following persons or organizations are automatically insureds when you and such person or organization have agreed in a written contract or agreement that such person or organization be added as an additional insured on your policy providing general liability coverage.

**a. Co-Owners of Insured Premises**

Any person or organization with whom you co-own a premises insured under this policy is an additional insured, but only with respect to their liability as the co-owner of such premises.

HOWEVER, their status as additional insured under this policy ends when you cease to co-own such premises with that person or organization.

**b. Controlling Interest**

Any person or organization that has a controlling interest in you is an additional insured, but only with respect to liability arising out of:

- 1) Their financial control of you; or
- 2) Their ownership, maintenance or control of premises you lease or occupy;

subject to the following additional exclusion:

This insurance, including any duty we have to defend "suits", does not apply to structural alterations, new construction or demolition operations performed by or for such person or organization.

HOWEVER, their status as additional insured under this policy ends when they cease to have such controlling interest in you.

**c. Grantor of Franchise or License**

Any person or organization that has granted you a franchise or license by written contract or agreement is an additional insured, but only with respect to their liability as the grantor of a franchise or license to you.

HOWEVER, their status as additional insured under this policy ends when their contract or agreement with you granting the franchise or license ends.

**d. Lessors of Leased Equipment**

Any person or organization from whom you lease equipment by written contract or agreement is an additional insured, but only with respect to their liability arising out of the maintenance,

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operation or use by you of the equipment leased to you by that person or organization, subject to the following additional exclusion:

This insurance, including any duty we have to defend "suits", does not apply to "bodily injury" or "property damage" arising out of, in whole or in part, or results from, in whole or in part, the active negligence of such person or organization.

HOWEVER, their status as additional insured under this policy ends when their contract or agreement with you for such leased equipment ends.

**e. Managers or Lessors of Leased Premises**

Any person or organization from whom you lease premises is an additional insured, but only with respect to their liability arising out of your use of that part of the premises leased to you, subject to the following additional exclusion:

This insurance, including any duty we have to defend "suits", does not apply to structural alterations, new construction or demolition operations performed by or for such person or organization.

HOWEVER, their status as additional insured under this policy ends when you cease to be a tenant of such premises.

**f. Mortgagee, Assignee or Receiver**

Any person or organization who has status as mortgagee, assignee or receiver of your property is an additional insured, but only with respect to their liability as mortgagee, assignee or receiver arising out of your ownership, maintenance, or use of such premises, subject to the following additional exclusion:

This insurance, including any duty we have to defend "suits", does not apply to structural alterations, new construction or demolition operations performed by or for such person or organization.

HOWEVER, their status as additional insured under this policy ends when their status as mortgagee, assignee or receiver ends.

**g. Owners or Other Interest from Whom Land has been Leased**

Any person or organization from whom you lease premises is an additional insured, but only with respect to their liability arising out of your maintenance or use of that part of the land leased to you, subject to the following additional exclusion:

This insurance, including any duty we have to defend "suits", does not apply to structural alterations, new construction or demolition operations performed by or for such person or organization.

HOWEVER, their status as additional insured under this policy ends when you cease to lease that land.

**h. State or Political Subdivisions - Permits Relating to Premises**

Any state or political subdivision which has issued a permit in connection with premises insured by this policy which you own, rent, or control is an additional insured, but only with respect to the following hazards:

- 1) The existence, maintenance, repair, construction, erection, or removal of advertising signs, awnings, canopies, cellar entrances, coal holes, driveways, manholes, marquees, hoistaway openings, sidewalk vaults, street banners, or decoration and similar exposures;
- 2) The construction, erection, or removal of elevators; or
- 3) The ownership, maintenance, or use of any elevators covered by this insurance.

HOWEVER, such state or political subdivision's status as additional insured under this policy ends when the permit ends.

**III. LIMITS OF INSURANCE AND DEDUCTIBLE**

1. The Limits of Insurance shown in the Declarations and the rules below fix the most we will pay regardless of the number of:

- a. Insureds;
- b. Claims made or "suits" brought; or
- c. Persons or organizations making claims or bringing "suits".

2. **General Aggregate Limit of Insurance**  
(Other than Products-Completed Operations)

The General Aggregate Limit is the most we will pay for the sum of:

- a. Medical expenses under COVERAGE C;
- b. Damages under COVERAGE A, except damages because of "bodily injury" or "property damage" included in the "products-completed operations hazard"; and
- c. Damages under COVERAGE B.

The General Aggregate Limit applies separately to each of your described premises. For the purposes of this provision, premises means involving the same or connecting lots, or premises whose connection is interrupted only by a public street, roadway or waterway, or railroad right-of-way.

3. **Products-Completed Operations Aggregate Limit of Insurance**

The Products-Completed Operations Aggregate Limit is the most we will pay under COVERAGE A for damages because of "bodily injury" and "property damage" included in the "products-completed operations hazard".

4. **Personal and Advertising Injury Limit of Insurance**

Subject to 2. above, the Personal and Advertising Injury Limit is the most we will pay under COVERAGE B for the sum of all damages because of all "personal and advertising injury" sustained by any one person or organization.

5. **Each Occurrence Limit of Insurance**

Subject to 2. or 3. above, whichever applies, the Each Occurrence Limit is the most we will pay for the sum of:

- a. Damages under COVERAGE A; and
- b. Medical expenses under COVERAGE C

because of all "bodily injury" and "property damage" arising out of any one "occurrence".

6. **Tenants Property Damage Legal Liability Limit of Insurance**

Subject to 5. above, the Tenants Property Damage Legal Liability Limit is the most we will pay under COVERAGE A for damages because of all "property damage" to premises, while rented to you or temporarily occupied by you with permission of the owner, arising out of any one "occurrence".

7. **Medical Payments Limit of Insurance**

Subject to 5. above, the Medical Payments Limit is the most we will pay under COVERAGE C for all medical expenses because of "bodily injury" sustained by any one person.

8. The Limits of Insurance of this policy apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the Declarations, unless the policy period is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the Limits of Insurance.

9. **Property Damage Deductible**

If a deductible amount is shown in the Liability Declarations, the following provisions apply:

- a. If a deductible amount for Property Damage is shown in the Liability Declarations, any obligation by us under this policy to pay sums on your behalf because of "property damage", applies only to sums in excess of the deductible amount shown in the Declarations for any one "occurrence".



- b. If a deductible amount for Car Wash Property Damage is shown in the Liability Declarations, any obligation by us under this policy to pay sums on your behalf because of "property damage", applies only to sums in excess of the deductible amount shown in the Declarations for any one "claim".
- c. If we pay all or any part of a deductible to settle any claim or "suit", upon notification of such payment by us, you shall promptly reimburse us for the amount of the deductible that has been paid by us.

#### IV. LIABILITY CONDITIONS

The following conditions apply in addition to the COMMON POLICY CONDITIONS.

##### 1. Bankruptcy

Bankruptcy or insolvency of the insured or of the insured's estate will not relieve us of our obligations under this policy.

##### 2. Duties In The Event Of Occurrence, Offense, Claim Or Suit

- a. You and any insured must see to it that we are notified as soon as practicable of an "occurrence" or an offense that may result in a claim. To the extent possible, notice should include:

- 1) How, when and where the "occurrence" or offense took place;
- 2) The names and addresses of any injured persons and witnesses; and
- 3) The nature and location of any injury or damage arising out of the "occurrence" or offense.

- b. If a claim is made or "suit" is brought against any insured, you must:

- 1) Immediately record the specifics of the claim or "suit" and the date received; and
- 2) Notify us as soon as practicable.

You must see to it that we receive written notice of the claim or "suit" as soon as practicable.

- c. You and any other involved insured must:

- 1) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or "suit";
- 2) Authorize us to obtain records and other information;
- 3) Cooperate with us in the investigation or settlement of the claim or defense against the "suit";
- 4) Assist us, upon our request, in the enforcement of any right against any person or organization that may be liable to the insured because of injury or damage to



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which this insurance may also apply; and

- 5) Agree to be examined under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim or "suit". At our option and expense, any examination under oath may be video or audio taped as well as being recorded by stenographic record. In the event of an examination, an insured's answers must be signed.

- d. No insured will, except at their own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without our consent.

### 3. Financial Responsibility Laws

- a. When this policy is certified as proof of financial responsibility for the future under the provision of any motor vehicle financial responsibility law, the insurance provided by the policy for "bodily injury" liability and "property damage" liability will comply with the provisions of the law to the extent of the coverage and limits of insurance required by law.
- b. With respect to "mobile equipment" to which this insurance applies, we will provide any liability, uninsured motorists, underinsured motorists, no-fault

or other coverage required by any motor vehicle law. We will provide the required limits for those coverages.

### 4. Legal Action Against Us

No person or organization has a right under this policy:

- a. To join us as a party or otherwise bring us into a "suit" asking for damages from an insured; or
- b. To sue us on this policy unless all of its terms have been fully complied with.

A person or organization may sue us to recover on an agreed settlement or on a final judgment against an insured obtained after an actual trial; but we will not be liable for damages that are not payable under the terms of this policy or that are in excess of the applicable limit of insurance. An agreed settlement means a settlement and release of liability signed by us, the insured and the claimant or the claimant's legal representative.

### 5. Separation Of Insureds

Except with respect to the Limits of Insurance, and any rights or duties specifically assigned in this policy to the first Named Insured, this insurance applies:

- a. As if each Named Insured were the only Named Insured; and
- b. Separately to each insured against whom claim is made or "suit" is brought.

## V. DEFINITIONS

The terms "you", "your", "we", "us", "our" and "insured" are defined in the Preamble of this Coverage Form. The following words or phrases, which appear in quotation marks throughout this Coverage Form and any of its endorsements, are defined as follows:

1. **"Advertisement"** means a notice that is broadcast or published to the general public or specific market segments about your goods, products or services for the purpose of attracting customers or supporters.
2. **"Auto"** means a land motor vehicle, trailer or semitrailer designed for travel on public roads, including any attached machinery or equipment. But "auto" does not include "mobile equipment".
3. **"Bodily injury"** means bodily injury, sickness or disease sustained by a person, including death resulting from any of these at any time.
4. **"Coverage territory"** means:
  - a. The United States of America (including its territories and possessions), Puerto Rico and Canada;
  - b. International waters or airspace, provided the injury or damage does not occur in the course of travel or transportation to or from any place not included in a. above; or
  - c. All parts of the world if:
    - 1) The injury or damage arises out of:
      - a) Goods or products made or sold by you in the territory described in a. above; or
      - b) The activities of a person whose home is in the territory described in a. above, but is away for a short time on your business; and
    - 2) The insured's responsibility to pay damages is determined in a "suit" on the merits, in the territory described in a. above or in a settlement we agree to.
5. **"Employee"** includes a "leased worker". "Employee" does not include a "temporary worker".
6. **"Executive officer"** means a person holding any of the officer positions created by your charter, constitution, by-laws or any other similar governing document.
7. **"Hostile fire"** means one which becomes uncontrollable or breaks out from where it was intended to be.
8. **"Impaired property"** means tangible property, other than "your product" or "your work", that cannot be used or is less useful because:
  - a. It incorporates "your product" or "your work" that is known or thought to be defective, deficient, inadequate or dangerous; or
  - b. You have failed to fulfill the terms of a contract or agreement;
 if such property can be restored to use by:
  - a. The repair, replacement, adjustment or removal of "your product" or "your work"; or
  - b. Your fulfilling the terms of the contract or agreement.
9. **"Insured contract"** means:
  - a. A contract for a lease of premises.  
 HOWEVER, that portion of the contract for a lease of premises that indemnifies any person or organization for damage by fire to premises while rented to you or temporarily occupied by you with permission of the owner is not an "insured contract";
  - b. A sidetrack agreement;
  - c. Any easement or license agreement, except in connection with construction or demolition operations on or within 50 feet of a railroad;
  - d. An obligation, as required by ordinance, to indemnify a municipality, except in connection with work for a municipality;
  - e. An elevator maintenance agreement;
  - f. That part of any other contract or agreement pertaining to your business (including an indemnification of a municipality in connection with work performed for a municipality) under which you assume the tort liability of another party to pay for "bodily injury"

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or "property damage" to a third person or organization. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement.

Paragraph f. does not include that part of any contract or agreement:

- 1) That indemnifies a railroad for "bodily injury" or "property damage" arising out of construction or demolition operations, within 50 feet of any railroad property and affecting any railroad bridge or trestle, tracks, road-beds, tunnel, underpass or crossing;
  - 2) That indemnifies an architect, engineer or surveyor for injury or damage arising out of:
    - a) Preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings and specifications; or
    - b) Giving directions or instructions, or failing to give them, if that is the primary cause of the injury or damage; or
  - 3) Under which the insured, if an architect, engineer or surveyor, assumes liability for an injury or damage arising out of the insured's rendering or failure to render professional services, including those listed in 2) above and supervisory, inspection, architectural or engineering activities.
10. **"Leased worker"** means a person leased to you by a labor leasing firm under an agreement between you and the labor leasing firm, to perform duties related to the conduct of your business. "Leased worker" does not include a "temporary worker".
11. **"Loading or unloading"** means the handling of property:
- a. After it is moved from the place where it is accepted for movement into or onto an aircraft, watercraft or "auto";
  - b. While it is in or on an aircraft, watercraft or "auto"; or

- c. While it is being moved from an aircraft, watercraft or "auto" to the place where it is finally delivered;

but "loading or unloading" does not include the movement of property by means of a mechanical device, other than a hand truck, that is not attached to the aircraft, watercraft or "auto".

12. **"Mobile equipment"** means any of the following types of land vehicles, including any attached machinery or equipment:
- a. Bulldozers, forklifts, farm machinery, farm implements and other vehicles designed for use or used principally off public roads. This includes motorized golf carts, snowmobiles, and other land vehicles designed for recreational use;
  - b. Vehicles maintained for use solely on or next to premises you own or rent;
  - c. Vehicles, other than snowmobiles, that travel on crawler treads;
  - d. Vehicles, whether self-propelled or not, maintained primarily to provide mobility to permanently mounted:
    - 1) Power cranes, shovels, loaders, diggers or drills; or
    - 2) Road construction or resurfacing equipment such as graders, scrapers or rollers;
  - e. Vehicles not described in paragraphs a., b., c. or d. above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:
    - 1) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment; or
    - 2) Cherry pickers and similar devices used to raise or lower workers;
  - f. Vehicles not described in paragraphs a., b., c. or d. above maintained primarily for purposes other than the transportation of persons or cargo.

HOWEVER, self-propelled vehicles with the following types of permanently attached equipment are not "mobile

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equipment" but will be considered "autos":

- 1) Equipment designed primarily for:
    - a) Snow removal;
    - b) Road maintenance, but not construction or resurfacing; or
    - c) Street cleaning;
  - 2) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment; and
  - 3) Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers.
13. **"Occurrence"** means an accident, including continuous or repeated exposure to substantially the same general harmful conditions.
14. **"Personal and advertising injury"** means injury, including consequential "bodily injury", arising out of one or more of the following offenses:
- a. False arrest, detention or imprisonment;
  - b. Malicious prosecution;
  - c. The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies, committed by or on behalf of its owner, landlord or lessor;
  - d. Oral or written publication of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services;
  - e. Oral or written publication of material that violates a person's right of privacy;
  - f. The use of another's advertising idea in your "advertisement"; or
  - g. Infringing upon another's copyright, trade dress or slogan in your "advertisement".

15. **"Pollutants"** mean any solid, liquid, gaseous or thermal irritant or contaminant, including but not limited to smoke, vapor, soot, fumes, acids, alkalis, petroleum products and their derivatives, chemicals and waste. Such irritants or contaminants are "pollutants" whether or not they have any function in your business, operations, premises, sites or locations.

Waste includes but is not limited to materials to be recycled, reconditioned or reclaimed and livestock, poultry or other animal excrement.

16. **"Products-completed operations hazard":**

- a. Includes all "bodily injury" and "property damage" occurring away from premises you own or rent and arising out of "your product" or "your work" except:

- 1) Products that are still in your physical possession; or
- 2) Work that has not yet been completed or abandoned.

HOWEVER, "your work" will be deemed completed at the earliest of the following times:

- a) When all of the work called for in your contract has been completed.
- b) When all of the work to be done at the job site has been completed if your contract calls for work at more than one job site.
- c) When that part of the work done at a job site has been put to its intended use by any person or organization other than another contractor or subcontractor working on the same project.

Work that may need service, maintenance, correction, repair or replacement, but which is otherwise complete, will be treated as completed.

HOWEVER, the "bodily injury" or "property damage" must occur away from premises you own or rent unless your business includes the selling, handling or distribution of "your prod-



uct" for consumption on premises you own or rent.

- b. Does not include "bodily injury" or "property damage" arising out of:

1) The transportation of property, unless the injury or damage arises out of a condition in or on a vehicle not owned or operated by you, and that condition was created by the "loading or unloading" of that vehicle by any insured; or

2) The existence of tools, uninstalled equipment or abandoned or unused materials.

17. **"Property damage"** means:

- a. Physical injury to tangible property, including all resulting loss of use of that property. All such loss of use shall be deemed to occur at the time of the physical injury that caused it; or
- b. Loss of use of tangible property that is not physically injured. All such loss of use shall be deemed to occur at the time of the "occurrence" that caused it.

18. **"Suit"** means a civil proceeding in which damages because of "bodily injury", "property damage" or "personal and advertising injury" to which this insurance applies are alleged. "Suit" includes:

- a. An arbitration proceeding in which such damages are claimed and to which the insured must submit or does submit with our consent; or
- b. Any other alternative dispute resolution proceeding in which such damages are claimed and to which the insured submits with our consent.

19. **"Temporary worker"** means a person who is furnished to you to substitute for a permanent "employee" on leave or to meet seasonal or short-term workload conditions.

20. **"Your product"** means:

- a. Any goods or products, other than real property, manufactured, sold, handled, distributed or disposed of by:

1) You;

2) Others trading under your name; or

3) A person or organization whose business or assets you have acquired; and

- b. Containers (other than vehicles), materials, parts or equipment furnished in connection with such goods or products.

"Your product" includes:

- a. Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your product"; and
- b. The providing of or failure to provide warnings or instructions.

"Your product" does not include vending machines or other property rented to or located for the use of others but not sold.

21. **"Your work"** means:

- a. Work or operations performed by you or on your behalf; and
- b. Materials, parts or equipment furnished in connection with such work or operations.

"Your work" includes:

- a. Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your work"; and
- b. The providing of or failure to provide warnings or instructions.

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EFFECTIVE DATE: 12:01 AM Standard Time,  
(at your principal place of business)

INTERLINE  
LI 00 21 (01-01)

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

## NUCLEAR ENERGY LIABILITY EXCLUSION (BROAD FORM)

All Coverage Parts included in this policy that provide Liability Coverage are subject to the following exclusion.

**A. This insurance does not apply:**

1. Under any Liability Coverage, to "bodily injury" or "property damage":
  - a. With respect to which an insured under the policy is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters, Nuclear Insurance Association of Canada or any of their successors, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability; or
  - b. Resulting from the "hazardous properties" of "nuclear material" and with respect to which:
    - 1) Any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof; or
    - 2) The insured is, or had this policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.
2. Under any Medical Payments coverage, to expenses incurred with respect to "bodily injury" resulting from the "hazardous properties" of "nuclear material" and arising out of the operation of a "nuclear facility" by any person or organization.
3. Under any Liability Coverage, to "bodily injury" or "property damage" resulting from "hazardous properties" of "nuclear material", if:
  - a. The "nuclear material":
    - 1) Is at any "nuclear facility" owned by, or operated by or on behalf of, an "insured"; or
    - 2) Has been discharged or dispersed therefrom;
  - b. The "nuclear material" is contained in "spent fuel" or "waste" at any time possessed, handled, used, processed, stored, transported or disposed of, by or on behalf of an insured; or
  - c. The "bodily injury" or "property damage" arises out of the furnishing by an insured of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any "nuclear facility", but if such facility is located within the United States of America, its territories or possessions or Canada, this exclusion c. applies only to "property damage" to such "nuclear facility" and any property thereat.

**B. As used in this endorsement:**

1. "Hazardous properties" includes radioactive, toxic or explosive properties.
2. "Nuclear material" means "source material", "special nuclear material" or "by-product material".
3. "Source material", "special nuclear material", and "by-product material" have the meanings given them in the Atomic Energy Act of 1954 or in any law amendatory thereof.
4. "Spent fuel" means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a "nuclear reactor".
5. "Waste" means any waste material:
  - a. Containing "by-product material" other than the tailings or wastes produced by the extraction or concentration of

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uranium or thorium from any ore processed primarily for its "source material" content; and

- b. Resulting from the operation by any person or organization of any "nuclear facility" included under the first two paragraphs of the definition of "nuclear facility".
6. **"Nuclear facility"** means:
- a. Any "nuclear reactor";
  - b. Any equipment or device designed or used for:
    - 1) Separating the isotopes of uranium or plutonium;
    - 2) Processing or utilizing "spent fuel"; or
    - 3) Handling, processing or packaging "waste";
  - c. Any equipment or device used for the processing, fabricating or alloying of

"special nuclear material" if at any time the total amount of such material in the custody of the "insured" at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235;

- d. Any structure, basin, excavation, premises or place prepared or used for the storage or disposal of "waste";

and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations.

- 7. **"Nuclear reactor"** means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material.
- 8. **"Property damage"** includes all forms of radioactive contamination of property.

**All terms and conditions of this policy apply unless modified by this endorsement.**

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**BUSINESSOWNERS**  
**PB AI 09 (01-01)**

## **ACKNOWLEDGEMENT OF ADDITIONAL INSURED STATUS MORTGAGEE, ASSIGNEE OR RECEIVER**

**Person or Organization Designated as an Additional Insured:**

**PNC BANK NATIONAL ASSOCIATION**

**8800 TINICUM BLVD  
PHILADELPHIA PA 191533111**

**Designated Premises:**

**4200 ROOSEVELT BLVD  
PHILADELPHIA PA 191243033**

This form has been sent to you to acknowledge your status as an additional insured under our, meaning the issuing Company stated below, insurance policy issued to the Named Insured shown below.

Under our Premier Businessowners Liability Coverage Form, Section II. WHO IS AN INSURED provides as follows:

Any of the following persons or organizations are automatically insureds when you [i.e. the Named Insured stated below] and such person or organization have agreed in a written contract or agreement that such person or organization be added as an additional insured on your policy providing general liability coverage.

**Mortgagee, Assignee or Receiver**

Any person or organization who has status as mortgagee, assignee or receiver of your property is an additional insured, but only with respect to their liability as mortgagee, assignee or receiver arising out of your ownership, maintenance, or use of such premises, subject to the following additional exclusion:

This insurance, including any duty we have to defend "suits", does not apply to structural alterations, new construction or demolition operations performed by or for such person or organization.

HOWEVER, their status as additional insured under this policy ends when their status as mortgagee, assignee or receiver ends.

The policy language set forth above is subject to all of the terms and conditions of the policy issued to the Named Insured shown below. For your information, our Named Insured, the Policy Number, Policy Term and Limits of Insurance are stated below.

**Named Insured 4200 ROSE HOSPITALITY LLC AND 4200 ROOSEVELT LLC - DBA**

**Issuing Company: NATIONWIDE P & C INS COMPANY**

**Policy Number: ACP BPMK5403384960**

**Policy Term: 04-23-08 To 04-23-09**

**Limits of Insurance: Per Occurrence \$1,000,000  
All Occurrences \$2,000,000**

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EFFECTIVE DATE: 12:01 AM Standard Time,  
(at your principal place of business)

**BUSINESSOWNERS**  
**PB AI 99 (01-01)**

## **ACKNOWLEDGEMENT OF ADDITIONAL INSURED STATUS GRANTOR OF FRANCHISE OR LICENSE**

**Person or Organization Designated as an Additional Insured:**

**DAYS INN WORLDWIDE INC WYNDHAM WORLDWIDE CORP**  
**SEE BLANK FORM PB2500**  
**1 SYLVAN WAY**  
**PARSIPPANY NJ 070543887**

This form has been sent to you to acknowledge your status as an additional insured under our, meaning the issuing Company stated below, insurance policy issued to the Named Insured shown below.

Under our Premier Businessowners Liability Coverage Form, Section II. WHO IS AN INSURED provides as follows:

Any of the following persons or organizations are automatically insureds when you [i.e. the Named Insured stated below] and such person or organization have agreed in a written contract or agreement that such person or organization be added as an additional insured on your policy providing general liability coverage.

Grantor of Franchise or License

Any person or organization that has granted you a franchise or license by written contract or agreement is an additional insured, but only with respect to their liability as the grantor of a franchise or license to you.

HOWEVER, their status as additional insured under this Policy ends when their contract or agreement with you granting the franchise or license ends.

The policy language set forth above is subject to all of the terms and conditions of the policy issued to the Named Insured shown below. For your information, our Named Insured, the Policy Number, Policy Term and Limits of Insurance are stated below.

**Named Insured 4200 ROSE HOSPITALITY LLC AND 4200 ROOSEVELT LLC - DBA**

**Issuing Company: NATIONWIDE P & C INS COMPANY**

**Policy Number: ACP BPMK5403384960**

**Policy Term: 04-23-08 To 04-23-09**

<b>Limits of Insurance:</b>	<b>Per Occurrence</b>	<b>\$1,000,000</b>
	<b>All Occurrences</b>	<b>\$2,000,000</b>

**BUSINESSOWNERS**  
**PB 00 09 04 06**

## PREMIER BUSINESSOWNERS COMMON POLICY CONDITIONS

Various provisions in this policy restrict coverage. Please read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insureds shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

All coverages of this policy are subject to the following conditions.

### A. CANCELLATION

1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
2. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
  - a. Five (5) days before the effective date of cancellation if any one of the following conditions exists at any building that is Covered Property in this policy.
    - (1) The building has been vacant or unoccupied 60 or more consecutive days. This does not apply to:
      - (a) Seasonal unoccupancy; or
      - (b) Buildings in the course of construction, renovation or addition.

Buildings with 65% or more of the rental units or floor area vacant or unoccupied are considered unoccupied under this provision.
    - (2) After damage by a covered cause of loss, permanent repairs to the building:
      - (a) Have not started, and
      - (b) Have not been contracted for, within 30 days of initial payment of loss.
    - (3) The building has:
      - (a) An outstanding order to vacate;
      - (b) An outstanding demolition order; or
      - (c) Been declared unsafe by governmental authority.
  - (4) Fixed and salvageable items have been or are being removed from the building and are not being replaced. This does not apply to such removal that is necessary or incidental to any renovation or remodeling.
  - (5) Failure to:
    - (a) Furnish necessary heat, water, sewer service or electricity for 30 consecutive days or more, except during a period of seasonal unoccupancy; or
    - (b) Pay property taxes that are owing and have been outstanding for more than one year following the date due, except that this provision will not apply where you are in a bona fide dispute with the taxing authority regarding payment of such taxes.
  - b. Ten (10) days before the effective date of cancellation if we cancel for nonpayment of premium.
  - c. Thirty (30) days before the effective date of cancellation if we cancel for any other reason.
3. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.
4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
5. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be prorata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
6. If notice is mailed, proof of mailing will be sufficient proof of notice.

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**B. CHANGES**

1. This policy contains all the agreements between you and us concerning the insurance afforded.
2. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent.
3. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.

**C. CONCEALMENT, MISREPRESENTATION OR FRAUD**

1. This policy is void in its entirety in any case of fraud, at any time, by you or your representative as it relates to this policy.
2. This policy is also void if you, your authorized representative or any other insured, at any time, conceal or misrepresent any material fact, or violate any material warranty, concerning:
  - a. This policy, including your application for this policy;
  - b. The Covered Property;
  - c. Your interest in the Covered Property; or
  - d. A claim under this policy.
3. We also have the right to rescind this policy based upon any other grounds provided by law.

**D. EXAMINATION OF YOUR BOOKS AND RECORDS**

We may examine and audit your books and records as they relate to this policy or to any claim arising under this policy at any time during the policy period and up to three years afterward.

**E. INSPECTIONS AND SURVEYS**

1. We have the right but are not obligated to:
  - a. Make inspections and surveys at any time;
  - b. Give you reports on the conditions we find; and
  - c. Recommend changes.
2. Any inspections, surveys, reports or recommendations relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:
  - a. Are safe or healthful; or
  - b. Comply with laws, regulations, codes or standards.

3. This condition applies not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.

**F. INSURANCE UNDER TWO OR MORE COVERAGES OF THIS POLICY**

If two or more of this policy's coverages apply to the same injury, loss or damage, we will not pay more than the actual amount of the injury, loss or damage, up to the highest applicable Limit of Insurance under any one coverage.

**G. LIBERALIZATION**

If we adopt any revision that would broaden the coverage under this policy without additional premium within 60 days prior to or during the policy period, the broadened coverage will immediately apply to this policy.

**H. OTHER INSURANCE**

1. Under any property coverage provided by this policy, if there is other insurance covering the same loss or damage, we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether you can collect on it or not. But we will not pay more than the applicable Limit of Insurance.
2. Under any liability coverage provided by this policy,
  - a. If, for injury or loss we cover, there is other valid and collectible insurance available to any insured under another policy:
    - (1) Issued by another insurer, or if there is self insurance or similar risk retention that applies to a loss covered by this policy, then this insurance provided by us shall be excess over such other insurance; or
    - (2) Issued by us or any of our affiliate companies, that applies to a loss covered by this policy, then only the highest applicable Limit of Insurance shall apply to such loss. This condition does not apply to any policy issued by us that is designed to provide Excess or Umbrella liability insurance.
  - b. This insurance, if applicable, is also excess, whether that other insurance is primary, excess, contingent or provided on any other basis:



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- (1) Over any applicable property insurance or other insurance that insures for direct physical loss or damage;
  - (2) Over any valid and collectible insurance available to you as an additional insured under a policy issued to a tenant renting or leasing land or premises from you; or
  - (3) If the loss arises out of the maintenance or use of aircraft, "autos" or watercraft to the extent not subject to Exclusion g. under Section I. COVERAGES, COVERAGE A – BODILY INJURY AND PROPERTY DAMAGE LIABILITY of the Premier Businessowners Liability Coverage Form.
- c. When this insurance is excess, we will have no duty under the liability coverage provided by this policy to defend any insured against any claim or "suit" that any other insurer has a duty to defend. If no other insurer defends, we will undertake to do so, but we will be entitled to any insured's rights against all those other insurers.

When this insurance is excess over other insurance, we will pay only our share of the amount of the loss, if any, that exceeds the sum of:

- (1) The total amount that all such other insurance would pay for the loss in the absence of this insurance; and
- (2) The total of all deductible and self-insured amounts under all that other insurance.

We will share the remaining loss, if any, with any other insurance that is not described in this provision and was not bought specifically to apply in excess of the Limits of Insurance shown in the Declarations of this policy.

**d. Method Of Sharing**

If all of the other insurance permits contribution by equal shares, we will follow this method also. Under this approach each insurer contributes equal amounts until it has paid its applicable limit of insurance or none of the loss remains, whichever comes first.

If any of the other insurance does not permit contribution by equal shares, we will contribute by limits. Under this method, each insurer's share is based on the ratio of its applicable limit of insurance to the total applicable limits of insurance of all insurers.

**I. PREMIUMS**

- 1. The first Named Insured shown in the Declarations:
  - a. Is responsible for the payment of all premiums; and
  - b. Will be the payee for any return premiums we pay.
- 2. The premium shown in the Declarations was computed based on rates in effect at the time the policy was issued. On each renewal of this policy, we will compute the premium in accordance with our rates and rules then in effect.
- 3. Undeclared exposures or changes in your business operation and acquisition or use of locations may occur during the policy period that are not shown in the Declarations. If so, we may require an additional premium. That premium will be determined in accordance with our rates and rules in effect at the inception of such policy.

**J. PREMIUM AUDIT**

- 1. We have the right but are not obligated to audit this policy. The first Named Insured must keep records of the information we need for premium computation, and send us copies of those records at such times as we may request.
- 2. If we do audit your policy, at the close of that audit period, we will compute the earned premium for that period and the final premium due based upon your actual exposures.
- 3. Audit premiums are due and payable on notice to the first Named Insured. If the sum of the advance and audit premiums paid for the policy period is greater than the earned premium, we will return the excess to the first Named Insured.

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**K. TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US****1. Applicable to Businessowners Property Coverage:**

If any person or organization to or for whom we make payment under this policy has rights to recover damages from another, those rights are transferred to us to the extent of our payment. That person or organization must do everything necessary to secure our rights and must do nothing after loss to impair them. But you may waive your rights against another party in writing:

- a. Prior to a loss to your Covered Property.
- b. After a loss to your Covered Property only if, at time of loss, that party is one of the following:
  - (1) Someone insured by this insurance;
  - (2) A business firm:
    - (a) Owned or controlled by you; or
    - (b) That owns or controls you; or
  - (3) Your tenant, but only with our written consent.

You may also accept the usual bills of lading or shipping receipts limiting the liability of carriers.

This will not restrict your insurance.

**2. Applicable to Businessowners Liability Coverage:**

If the insured has rights to recover all or part of any payment we have made under this policy, those rights are transferred to us. The insured must do nothing after loss to impair them. At our request, the insured will bring "suit" or transfer those rights to us and help us enforce them. This condition does not apply to Medical Payments Coverage.

**L. TRANSFER OF YOUR RIGHTS AND DUTIES UNDER THIS POLICY**

- 1. Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual Named Insured.
- 2. If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.

**All terms and conditions of this policy apply unless modified by this endorsement.**

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EFFECTIVE DATE: 12:01 AM Standard Time,  
(at your principal place of business)

**BUSINESSOWNERS**  
**PB 04 04 (01-01)**

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **HIRED AUTO AND NON-OWNED AUTO LIABILITY**

This endorsement modifies insurance provided under the following:

### **PREMIER BUSINESSOWNERS LIABILITY COVERAGE FORM**

A. Insurance is provided only for those coverages that are designated in the Liability Declarations.

#### **1. HIRED AUTO LIABILITY**

When **Hired Auto Liability Coverage** is designated in the Declarations as Included, the insurance provided under Section I. COVERAGES A. COVERAGE A - BODILY INJURY AND PROPERTY DAMAGE LIABILITY, and this endorsement, applies to "bodily injury" or "property damage" arising out of the maintenance, use or entrustment of a "hired auto" by you or your "employees" in the course of your business.

#### **2. NON-OWNED AUTO LIABILITY**

When **Non-Owned Auto Liability Coverage** is designated in the Declarations as Included, the insurance provided under Section I. COVERAGES, A. COVERAGE A - BODILY INJURY AND PROPERTY DAMAGE LIABILITY, and this endorsement, applies to "bodily injury" or "property damage" arising out of the maintenance, use or entrustment of any "non-owned auto" in your business by any person other than you.

B. For insurance provided by this endorsement, Section I. COVERAGES, A. COVERAGE A - BODILY INJURY AND PROPERTY DAMAGE LIABILITY, under 2. EXCLUSIONS:

1. Exclusion g. Aircraft, Auto or Watercraft is amended by adding the following paragraph:

HOWEVER, this exclusion does not apply to any "hired auto" or "non-owned auto" (as defined in this endorsement).

2. Exclusion e. Employer's Liability is amended by adding the following paragraph:

HOWEVER, this exclusion does not apply to "bodily injury" arising out of and in the course of domestic employment by the insured, unless benefits for such injury are in whole or in part either payable or required

to be provided by any workers compensation law.

3. The following additional exclusions also apply, but only with respect to the coverages provided by this endorsement:

This insurance, including any duty we have to defend "suits", does not apply to:

a. "Property damage" to:

- 1) Property owned or being transported by, or rented or loaned to any insured; or
- 2) Property in the care, custody or control of any insured.

b. "Bodily injury" or "property damage" which arises out of or is a result of the handling of any property:

- 1) Before it is moved from the place where it is accepted by an insured for movement into or onto a "hired auto" or "non-owned auto"; or
- 2) After it is moved from a "hired auto" or "non-owned auto" to the place where it is finally delivered by an insured.

c. "Bodily injury" or "property damage" which arises out of or is a result of the movement of any property by a mechanical device (other than a hand truck) unless the device is attached to a "hired auto" or "non-owned auto".

C. Only with respect to the coverage provided by this endorsement, Section II. WHO IS AN INSURED is replaced by the following:

Each of the following is an insured to the extent set forth below:

- a. You;
- b. Any other person using a "hired auto" within the scope of your permission;

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- c. Any partner or "executive officer" of yours, with respect to a "non-owned auto" while being used in the course of your business;
- d. Any other person or organization, but only for their vicarious liability because of acts or omissions of you or of an insured under a., b. or c. above; and
- e. Your "employee" while operating an "auto" hired or rented under a contract or agreement, with your permission, in that "employee's" name, while performing duties related to the conduct of your business.
- f. HOWEVER, none of the following is an insured under this endorsement:
  - 1) Any person engaged in the business of his or her employer for "bodily injury" to any co-"employee" of such person injured in the course of employment, or to the spouse, child, parent, brother or sister of that co-"employee" as a consequence of such "bodily injury", or for any obligation to share damages with or repay someone else who must pay damages because of the injury;
  - 2) Any "employee", partner or "executive officer" with respect to any "auto" owned by such "employee", partner or "executive officer" or a member of their household;
  - 3) Any person while employed in or otherwise engaged in duties in connection with an "auto business", other than an "auto business" you operate;
  - 4) The owner, lessor or lessee (when you are a sublessee) of a "hired auto" or the owner of a "non-owned auto" or any agent or "employee" of any such owner, lessor or lessee; or
  - 5) Any person or organization for the conduct of any current or past partnership or joint venture that is not shown as a Named Insured in the Declarations.
- D. For insurance provided by this endorsement, under Section IV. LIABILITY CONDITIONS, the following condition also applies:

If there is any other "auto" liability insurance under any other policy, or self insurance or similar protection, that applies to a loss covered by this endorsement, then this insurance shall be excess over that other insurance.

- E. With respect to the coverage provided by this endorsement, under Section V. DEFINITIONS:

- 1. The following is added to the "coverage territory" definition:

For "hired auto", the "coverage territory" is extended to anywhere in the world if:

- a. An "auto" of the private passenger type is leased, hired, rented or borrowed without a driver for a period 30 days or less; and
- b. The insured's responsibility to pay damages is determined in a "suit" on the merits, in the United States of America, the territories and possessions of the United States of America, Puerto Rico or Canada, or in a settlement we agree to.

- 2. The following additional definitions also apply:

- a. **"Auto Business"** means the business or occupation of selling, repairing, servicing, storing or parking "autos".
- b. **"Hired Auto"** means any "auto" you lease, hire, rent or borrow.

HOWEVER, this does not include any "auto" you lease, hire, rent or borrow from any of your "employees" or members of their households, or from any partner or "executive officer" of yours.

- c. **"Non-Owned Auto"** means any "auto" you do not own, lease, hire, rent or borrow which is used in connection with your business, including "autos" owned by your "employees", partners (if you are a partnership), members (if you are a limited liability company) or members of their household.

**All terms and conditions of this policy apply unless modified by this endorsement.**

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EFFECTIVE DATE: 12:01 AM Standard Time,  
(at your principal place of business)

**BUSINESSOWNERS**  
**PB 04 12 (01-01)**

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **LIMITATION OF COVERAGE TO DESIGNATED PREMISES**

This endorsement modifies insurance provided under the following:

### **PREMIER BUSINESSOWNERS LIABILITY COVERAGE FORM**

This insurance applies only to "bodily injury", "property damage", "personal and advertising injury" and medical expenses arising out of the ownership, maintenance or use of those premises that are shown in the Declarations, and your operations necessary or incidental to those premises.

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**BUSINESSOWNERS**  
**PB 04 30 (01-01)**

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **PROTECTIVE SAFEGUARDS**

This endorsement modifies insurance provided under the following:

PREMIER BUSINESSOWNERS PROPERTY COVERAGE FORM

### **NOTICE**

**YOU RISK THE LOSS OF PROPERTY INSURANCE COVERAGE AT PREMISES DESIGNATED IN THE DECLARATIONS IF YOU FAIL TO MAINTAIN ANY OF THE APPLICABLE PROTECTIVE SAFEGUARDS, LISTED BY SYMBOL IN THE DECLARATIONS.**

Our requirement that you maintain the protective safeguard is in consideration of a significant premium reduction. If you do not wish to commit to the requirements expressed in this endorsement, at our option, your insurance may be continued. However, the credit for such protection would not be applied.

Your acceptance of this policy in the payment of premium when due constitutes your understanding and acknowledgement that you risk the loss of insurance at the premises designated if you fail to maintain the protective safeguard and your acceptance and agreement with the terms of this endorsement.

### **SCHEDULE**

**Prem. / Bldg. No. Description of P-9 Protective Safeguard:**

The following condition is added to Section F. PROPERTY GENERAL CONDITIONS:

#### **Protective Safeguards**

- A. As a condition of this insurance, you are required to maintain the protective devices or services designated by symbol in the Declarations.
- B. This insurance will be automatically suspended at the premises shown in the Declarations if you fail to notify us when you:
  - 1. Know of any suspension or impairment in the protective safeguards;
  - 2. Fail to maintain the protective safeguards over which you have control in complete working order; or
  - 3. Add any cooking equipment and operate it prior to adding or extending any Fire Suppression System that is required by code to protect it.

If part of an Automatic Sprinkler System is shut off due to breakage, leakage, freezing conditions or opening of sprinkler heads, notification to us will not be necessary if you can restore full protection within 48 hours.

- C. The protective safeguards to which this endorsement applies are identified in the Declarations by the following symbols:

**"P-1" Automatic Sprinkler System**, including related supervisory services. Automatic Sprinkler System means:

- a. Any automatic fire protective or extinguishing system, including connected:
  - 1) Sprinklers and discharge nozzles;
  - 2) Ducts, pipes, valves and fittings;
  - 3) Tanks, their component parts and supports; and
  - 4) Pumps and private fire protection mains.

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b. When supplied from an automatic fire protective system:

- 1) Nonautomatic fire protective systems; and
- 2) Hydrants, standpipes and outlets.

**"P-2" Automatic Fire Alarm**, protecting the entire building, that is:

- a. Connected to a central station; or
- b. Reporting to a public or private fire alarm station.

**"P-3" Security Service**, with a recording system or watch clock, making hourly rounds covering the entire building, when the premises are not in actual operation.

**"P-4" Service Contract** with a privately owned fire department providing fire protection service to the described premises.

**"P-5" Watchman Service** based on contract with a privately owned security company providing premises protection services to the described premises.

**"P-6" Local Burglar Alarm** which operates a sound or visual device at the described premises in the event of an unauthorized or attempted entry.

**"P-7" Central Station Burglar Alarm** which, in the event of an unauthorized or attempted entry at the described premises, will automatically transmit an alarm signal to a Central Station. A current monitoring contract with an approved Central Station must be maintained.

**"P-8" Fire Suppression System**, including related supervisory services. Fire Suppression System means any automatic fire protective or extinguishing system designed to protect cooking equipment (i.e. cooking surfaces, deep fat fryers, grease ducts and hoods) including connected:

- a. Sprinklers and discharge nozzles;
- b. Ducts, pipes, valves and fittings; and
- c. Tanks, their component parts and supports.

**"P-9"** The protective system described in the Schedule of this endorsement.

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## **EXCLUSION - WAR AND ACTS OF TERRORISM (OTHER THAN CERTIFIED ACTS OF TERRORISM); CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM**

This endorsement modifies insurance provided under the following:

**PREMIER BUSINESSOWNERS PROPERTY COVERAGE FORM**  
**PREMIER BUSINESSOWNERS LIABILITY COVERAGE FORM**

### **A. AMENDMENT TO THE PREMIER BUSINESSOWNERS PROPERTY COVERAGE FORM - WAR**

In Section B. EXCLUSIONS, under paragraph 1., exclusion f. War And Military Action is replaced by the following:

#### **f. War And Military Action**

- (1) War, including undeclared or civil war; or
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

With respect to any action that comes within the terms of this exclusion and involves nuclear reaction or radiation, or radioactive contamination, this War And Military Action Exclusion supersedes the Nuclear Hazard Exclusion.

### **B. AMENDMENT TO THE PREMIER BUSINESSOWNERS PROPERTY COVERAGE FORM - OTHER ACTS OF TERRORISM**

1. In Section B. EXCLUSIONS, under paragraph 1., the following exclusion is added:

#### **g. Other Acts Of Terrorism**

We will not pay for loss or damage caused directly or indirectly by an "other act of terrorism". Such loss or damage is excluded regardless of any other cause

or event that contributes concurrently or in any sequence to the loss. But this exclusion applies only when one or more of the following are attributed to such act:

- (1) The terrorism is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or
- (2) Pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the terrorism was to release such materials; or
- (3) The total of insured damage to all types of property in the United States, its territories and possessions, Puerto Rico and Canada exceeds \$25,000,000. In determining whether the \$25,000,000 threshold is exceeded, we will include all insured damage sustained by property of all persons and entities affected by the terrorism and business interruption losses sustained by owners or occupants of the damaged property. For the purpose of this provision, insured damage means damage that is covered by any insurance plus damage that would be covered by any insurance but for the application of any terrorism exclusions.

With respect to this item B.1.g.(3), the immediately preceding paragraph describes the threshold used to measure the magnitude of an "other



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act of terrorism" and the circumstances in which the threshold will apply, for the purpose of determining whether this Exclusion will apply to that incident. When the Exclusion applies to an "other act of terrorism", there is no coverage under this Coverage Form or Policy.

## 2. Exception Covering Certain Fire Losses

If an "other act of terrorism" results in fire, we will pay for the loss or damage caused by that fire. Such coverage for fire applies only to direct loss or damage by fire to Covered Property. Therefore, for example, the exception does not apply to insurance provided under Business Income and/or Extra Expense Additional Coverages.

## 3. Application Of Other Exclusions

The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for any loss which would otherwise be excluded under this Coverage Form or Policy, such as losses excluded by the Nuclear Hazard Exclusion or the War And Military Action Exclusion.

## C. AMENDMENTS TO THE PREMIER BUSINESSOWNERS LIABILITY COVERAGE FORM - WAR

1. Under Section I. COVERAGES, COVERAGE A - BODILY INJURY AND PROPERTY DAMAGE LIABILITY, 2. EXCLUSIONS, exclusion i. War is replaced in its entirety by the following:

This insurance, including any duty we have to defend "suits", does not apply to:

### i. War

"Bodily injury" or "property damage" arising, directly or indirectly, out of:

- (1) War, including undeclared or civil war; or
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

## D. CAP ON CERTIFIED TERRORISM LOSSES

With respect to any one or more "certified acts of terrorism", we will not pay any amounts for which we are not responsible under the terms of the federal Terrorism Risk Insurance Act of 2002 (including subsequent acts of Congress pursuant to the Act) due to the application of any clause which results in a cap on our liability for payments for terrorism losses.

## E. ADDITIONAL DEFINITIONS

The following definitions are added to the PREMIER BUSINESSOWNERS PROPERTY COVERAGE FORM, under Section H. DEFINITIONS; and to the PREMIER BUSINESSOWNERS LIABILITY COVERAGE FORM, under Section V. DEFINITIONS.

1. **"Certified act of terrorism"** means an act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State and the Attorney General of the United States, to be an act of terrorism pursuant to the federal Terrorism Risk Insurance Act of 2002. The criteria contained in that Act for a "certified act of terrorism" include the following:
  - a. The act resulted in aggregate losses in excess of \$5 million; and
  - b. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals acting on behalf of any foreign person or foreign interest, as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.
2. **"Other act of terrorism"** means a violent act or an act that is dangerous to human life, property or infrastructure that is committed by an individual or individuals and that appears to be part of an effort to coerce a civilian population or to influence the policy or affect the conduct of any government by coercion, and the act is not certified as a terrorist act pursuant to the federal Terrorism Risk Insurance Act of 2002.
 

HOWEVER, "other act of terrorism" does not include an act which meets the criteria set forth in Paragraph b. of the definition of "certified act of terrorism", when such act resulted in aggregate losses of \$5 million or



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less. Multiple incidents of "other acts of terrorism" which occur within a 72-hour period and appear to be carried out in concert or to

have a related purpose or common leadership shall be considered or deemed to be one incident.

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**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **CONDITIONAL EXCLUSION OF TERRORISM (RELATING TO DISPOSITION OF FEDERAL TERRORISM RISK INSURANCE ACT) – EXCLUSION OF WAR**

This endorsement modifies insurance provided under the following:

PREMIER BUSINESSOWNERS PROPERTY COVERAGE FORM  
PREMIER BUSINESSOWNERS LIABILITY COVERAGE FORM

### **SCHEDULE**

The **Exception Covering Certain Fire Losses** (paragraph B.1.b. of this endorsement) applies to property located in the following states:

California	Illinois	North Carolina	Virginia
Connecticut	Iowa	New York	Washington
Georgia	Maine	Oregon	Wisconsin
Idaho	Missouri	Rhode Island	West Virginia

A. The **PROPERTY COVERAGE FORM** and the **LIABILITY COVERAGE FORM** are amended as follows:

**1. Applicability Of The Provisions Of This Endorsement**

- a. The provisions of this endorsement will become applicable commencing on the date when any one or more of the following first occurs. But if your policy (meaning the policy period in which this endorsement applies) begins after such date, then the provisions of this endorsement become applicable on the date your policy begins.
  - (1) The federal Terrorism Risk Insurance Program ("Program"), established by the Terrorism Risk Insurance Act, has terminated with respect to the type of insurance provided under this Coverage Form; or
  - (2) A renewal, extension or replacement of the Program has become effective without a requirement to make terrorism coverage available to you and with revisions that:
    - (a) Increase our statutory percentage deductible under the Program for terrorism losses. (That deductible determines the amount of all

certified terrorism losses we must pay in a calendar year, before the federal government shares in subsequent payment of certified terrorism losses.); or

- (b) Decrease the federal government's statutory percentage share in potential terrorism losses above such deductible; or
  - (c) Redefine terrorism or make insurance coverage for terrorism subject to provisions or requirements that differ from those that apply to other types of events or occurrences under this policy.
- b. If the provisions of this endorsement become applicable, such provisions:
- (1) Supersede any terrorism endorsement already endorsed to this policy that addresses "certified acts of terrorism" and/or "other acts of terrorism", but only with respect to loss or injury or damage from an incident(s) of terrorism (however defined) that occurs on or after the date when the provisions of this endorsement become applicable; and

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- (2) Remain applicable unless we notify you of changes in these provisions, in response to federal law.
- c. If the provisions of this endorsement do NOT become applicable, any terrorism endorsement already endorsed to this policy that addresses "certified acts of terrorism" and/or "other acts of terrorism", will continue in effect unless we notify you of changes to that endorsement in response to federal law.
- 2. The following definition is added and applies under this endorsement wherever the term terrorism is enclosed in quotation marks.  
"Terrorism" means activities against persons, organizations or property of any nature:
  - a. That involve the following or preparation for the following:
    - (1) Use or threat of force or violence; or
    - (2) Commission or threat of a dangerous act; or
    - (3) Commission or threat of an act that interferes with or disrupts an electronic, communication, information, or mechanical system; and
  - b. When one or both of the following applies:
    - (1) The effect is to intimidate or coerce a government or the civilian population or any segment thereof, or to disrupt any segment of the economy; or
    - (2) It appears that the intent is to intimidate or coerce a government, or to further political, ideological, religious, social or economic objectives or to express (or express opposition to) a philosophy or ideology.

#### B. AMENDMENTS TO THE PROPERTY COVERAGE FORM

- 1. Under Section B. EXCLUSIONS, the following exclusion is added:

##### a. EXCLUSION OF TERRORISM

We will not pay for loss or damage caused directly or indirectly by "terrorism", including action in hindering or defending against an actual or expected incident of "terrorism". Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss. But this exclusion applies only when one or more of the following are attributed to an incident of "terrorism":

- (1) The "terrorism" is carried out by means of the dispersal or application of radioactive material, or through the use of a nuclear weapon or device that involves or produces a nuclear reaction, nuclear radiation or radioactive contamination; or
- (2) Radioactive material is released, and it appears that one purpose of the "terrorism" was to release such material; or
- (3) The "terrorism" is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or
- (4) Pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the "terrorism" was to release such materials; or
- (5) The total of insured damage to all types of property in the United States, its territories and possessions, Puerto Rico and Canada exceeds \$25,000,000. In determining whether the \$25,000,000 threshold is exceeded, we will include all insured damage sustained by property of all persons and entities affected by the "terrorism" and business interruption losses sustained by owners or occupants of the damaged property. For the purpose of this provision, insured damage means damage that is covered by any insurance plus damage that would be covered by any insurance but for the application of any terrorism exclusions. Multiple incidents of "terrorism" which occur within a 72-hour period and appear to be carried out in concert or to have a related purpose or common leadership will be deemed to be one incident, for the purpose of determining whether the threshold is exceeded.

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With respect to this item 1.a.(5), the immediately preceding paragraph describes the threshold used to measure the magnitude of an incident of "terrorism" and the circumstances in which the threshold will apply, for the purpose of determining whether this Exclusion will apply to that incident. When the Exclusion applies to an incident of "terrorism", there is no coverage under this Coverage Form.

**b. Exception Covering Certain Fire Losses**

The following exception to the EXCLUSION OF TERRORISM applies only if indicated and as indicated in the Schedule of this endorsement.

If "terrorism" results in fire, we will pay for the loss or damage caused by that fire, subject to all applicable policy provisions including the Limit of Insurance on the affected property. Such coverage for fire applies only to direct loss or damage by fire to Covered Property. Therefore, for example, the coverage does not apply to insurance provided under Business Income and/or Extra Expense Additional Coverages or endorsements that apply to those coverages.

**c. Application Of Other Exclusions**

(1) When the EXCLUSION OF TERRORISM applies in accordance with the terms of paragraph 1.a.(1) or 1.a.(2), such exclusion applies without regard to exclusion d. Nuclear Hazard in this Coverage Form.

(2) The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for any loss or damage which would otherwise be excluded under this Coverage Form as losses excluded by exclusion d. Nuclear Hazard or exclusion f. War And Military Action.

2. In Section B. EXCLUSIONS, under paragraph 1., exclusion f. War And Military Action is replaced by the following:

**f. War And Military Action**

(1) War, including undeclared or civil war; or

- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

With respect to any action that comes within the terms of this exclusion and involves nuclear reaction or radiation, or radioactive contamination, this War And Military Action Exclusion supersedes the Nuclear Hazard Exclusion.

**C. AMENDMENTS TO THE LIABILITY COVERAGE FORM**

1. The following definition is added and applies under this endorsement wherever the phrase any injury or damage, is enclosed in quotation marks:

"Any injury or damage" means any injury or damage covered under this Coverage Form or any applicable endorsement, and includes but is not limited to "bodily injury", "property damage" or "personal and advertising injury", as may be defined under this Coverage Form or any applicable endorsement.

2. The following exclusion is added:

**EXCLUSION OF TERRORISM**

We will not pay for "any injury or damage" caused directly or indirectly by "terrorism", including action in hindering or defending against an actual or expected incident of "terrorism". "Any injury or damage" is excluded regardless of any other cause or event that contributes concurrently or in any sequence to such injury or damage. **But this exclusion applies only when one or more of the following are attributed to an incident of "terrorism":**

a. The "terrorism" is carried out by means of the dispersal or application of radioactive material, or through the use of a nuclear weapon or device that involves or produces a nuclear reaction, nuclear radiation or radioactive contamination; or

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- b. Radioactive material is released, and it appears that one purpose of the "terrorism" was to release such material; or
- c. The "terrorism" is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or
- d. Pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the "terrorism" was to release such materials; or
- e. The total of insured damage to all types of property exceeds \$25,000,000. In determining whether the \$25,000,000 threshold is exceeded, we will include all insured damage sustained by property of all persons and entities affected by the "terrorism" and business interruption losses sustained by owners or occupants of the damaged property. For the purpose of this provision, insured damage means damage that is covered by any insurance plus damage that would be covered by any insurance but for the application of any terrorism exclusions; or
- f. Fifty or more persons sustain death or serious physical injury. For the purposes of this provision, serious physical injury means:
  - (1) Physical injury that involves a substantial risk of death; or
  - (2) Protracted and obvious physical disfigurement; or
  - (3) Protracted loss of or impairment of the function of a bodily member or organ.

Multiple incidents of "terrorism" which occur within a 72-hour period and appear to be carried out in concert or to have a related

purpose or common leadership will be deemed to be one incident, for the purpose of determining whether the thresholds in paragraphs 2.e. or 2.f. are exceeded.

With respect to this Exclusion, paragraphs 2.e. and 2.f. describe the threshold used to measure the magnitude of an incident of "terrorism" and the circumstances in which the threshold will apply, for the purpose of determining whether this Exclusion will apply to that incident. When the Exclusion applies to an incident of "terrorism", there is no coverage under this Coverage Form.

In the event of any incident of "terrorism" that is not subject to this Exclusion, coverage does not apply to "any injury or damage" that is otherwise excluded under this Coverage Form.

3. Under Section I. COVERAGES, COVERAGE A - BODILY INJURY AND PROPERTY DAMAGE LIABILITY, 2. EXCLUSIONS, exclusion i. War is replaced in its entirety by the following:

This insurance, including any duty we have to defend "suits", does not apply to:

i. **War**

"Bodily injury" or "property damage" arising, directly or indirectly, out of:

- (1) War, including undeclared or civil war; or
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

**All terms and conditions of this policy apply unless modified by this endorsement.**

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EFFECTIVE DATE: 12:01 AM Standard Time,  
(at your principal place of business)

**BUSINESSOWNERS**  
**PB 25 00 (01-01)**

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**COMPLETE NAME AND ADDRESS OF THE ADDITIONAL INSURED:**  
**RE: PBAI99**

**DAYS INN WORLDWIDE INC WYNDHAM WORLDWIDE CORPORATION WYNDHAM HOTEL GROUP LLC**  
**1 SYLVAN WAY**  
**PARSIPPANY, NJ 07054-3887**

**All terms and conditions of this policy apply unless modified by this endorsement.**

**PB 25 00 (01-01)**

**BUSINESSOWNERS  
PB 29 98 04 06**

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**EXCLUSION – VIOLATION OF STATUTES THAT GOVERN  
E-MAILS, FAX, PHONE CALLS OR OTHER METHODS OF  
SENDING MATERIAL OR INFORMATION**

This endorsement modifies insurance provided under the following:

**PREMIER BUSINESSOWNERS LIABILITY COVERAGE FORM**

- A. In Section I. COVERAGES, COVERAGE A – BODILY INJURY AND PROPERTY DAMAGE LIABILITY, under paragraph 2. EXCLUSIONS, the following exclusion is added:

This insurance, including any duty we have to defend "suits", does not apply to:

**DISTRIBUTION OF MATERIAL IN VIOLATION OF STATUTES**

"Bodily injury" or "property damage" arising directly or indirectly out of any action or omission that violates or is alleged to violate:

1. The Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law; or
2. The CAN-SPAM Act of 2003, including any amendment of or addition to such law; or
3. Any statute, ordinance or regulation, other than the TCPA or CAN-SPAM Act of 2003, that prohibits or limits the sending, transmitting, communicating or distribution of material or information.

- B. In Section I. COVERAGES, COVERAGE B – PERSONAL AND ADVERTISING INJURY LIABILITY, under paragraph 2. EXCLUSIONS, the following exclusion is added:

This insurance, including any duty we have to defend "suits", does not apply to:

**DISTRIBUTION OF MATERIAL IN VIOLATION OF STATUTES**

"Personal and advertising injury" arising directly or indirectly out of any action or omission that violates or is alleged to violate:

1. The Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law; or
2. The CAN-SPAM Act of 2003, including any amendment of or addition to such law; or
3. Any statute, ordinance or regulation, other than the TCPA or CAN-SPAM Act of 2003, that prohibits or limits the sending, transmitting, communicating or distribution of material or information.

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EFFECTIVE DATE: 12:01 AM Standard Time,  
(at your principal place of business)

**BUSINESSOWNERS**  
**PB 29 99 (01-02)**

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **EXCLUSION - FUNGI OR BACTERIA (WITH LIMITED PROPERTY COVERAGE)**

This endorsement modifies insurance provided under the following:

PREMIER BUSINESSOWNERS PROPERTY COVERAGE FORM  
PREMIER BUSINESSOWNERS LIABILITY COVERAGE FORM

**A. AMENDMENT TO THE PREMIER  
BUSINESSOWNERS PROPERTY COVERAGE  
FORM**

1. In Section A. COVERAGES, under paragraph 5. ADDITIONAL COVERAGES, the following additional coverage is added:

**u. Additional Coverage - Limited Coverage For Fungi, Wet Rot, Dry Rot And Bacteria**

- 1) The coverage described in paragraphs 2) through 6) below applies:
  - a) Only when the "fungi", wet or dry rot or bacteria is the result of a "specified cause of loss", other than fire or lightning, that occurs during the policy period; and
  - b) Only if all reasonable means were used to save and preserve the property from further damage at the time of and after that occurrence.
- 2) We will pay for loss or damage by "fungi", wet or dry rot or bacteria. As used in this Limited Coverage, the term loss or damage means:
  - a) Direct physical loss or damage to Covered Property caused by "fungi", wet or dry rot or bacteria, including the cost of removal of the "fungi", wet or dry rot or bacteria;
  - b) The cost to tear out and replace any part of the building or other property as needed

to gain access to the "fungi", wet or dry rot or bacteria; and

- c) The cost of testing performed after removal, repair, replacement or restoration of the damaged property is completed, provided there is a reason to believe that "fungi", wet or dry rot or bacteria are present.

- 3) The coverage described under paragraph 2) of this Limited Coverage is limited to \$15,000. Regardless of the number of claims, this limit is the most we will pay for the total of all such loss or damage arising out of all occurrences of "specified causes of loss", other than fire or lightning, which take place in a 12-month period, starting with the beginning of the present annual policy period. With respect to a particular occurrence of loss which results in "fungi", wet or dry rot or bacteria, we will not pay more than a total of \$15,000 even if the "fungi", wet or dry rot or bacteria continues to be present or active, or recurs, in a later policy period.
- 4) The coverage provided under this Limited Coverage does not increase the applicable Limit of Insurance on any Covered Property. If a particular occurrence results in loss or damage by "fungi", wet or dry rot or bacteria, and other loss or damage, we will not pay more, for the total of all loss or damage, than the applicable Limit of Insurance on the affected Covered Property.



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If there is covered loss or damage to Covered Property, not caused by "fungi", wet or dry rot or bacteria, loss payment will not be limited by the terms of this Limited Coverage, except to the extent that "fungi", wet or dry rot or bacteria causes an increase in the loss. Any such increase in the loss will be subject to the terms of this Limited Coverage.

- 5) The terms of this Limited Coverage do not increase or reduce the coverage provided under either Additional Coverage e. Collapse or f. Water Damage, Other Liquids, Powder Or Molten Material Damage.
  - 6) Under Additional Coverages g. Business Income and/or h. Extra Expense:
    - a) If the loss which resulted in "fungi", wet or dry rot or bacteria does not in itself necessitate a "suspension" of "operations", but such "suspension" is necessary due to loss or damage to property caused by "fungi", wet or dry rot or bacteria, then our payment under the Business Income and/or Extra Expense Additional Coverages is limited to the amount of loss and/or expense sustained in a period of not more than 30 days. The days need not be consecutive.
    - b) If a covered "suspension" of "operations" was caused by loss or damage other than "fungi", wet or dry rot or bacteria but remediation of "fungi", wet or dry rot or bacteria prolongs the "period of restoration", we will pay for loss and/or expense sustained during the delay, regardless of when such a delay occurs during the "period of restoration", but such coverage is limited to 30 days. The days need not be consecutive.
2. In Section B. EXCLUSIONS, under paragraph 1., the following exclusion is added:

#### h. Fungi, Wet Rot, Dry Rot And Bacteria

Presence, growth, proliferation, spread or any activity of "fungi", wet or dry rot or bacteria.

But if "fungi", wet or dry rot or bacteria results in a "specified cause of loss", we will pay for the loss or damage caused by that "specified cause of loss".

This exclusion does not apply:

- 1) When "fungi", wet or dry rot or bacteria results from fire or lightning; or
  - 2) To the extent that coverage is provided in the Additional Coverage - Limited Coverage For Fungi, Wet Rot, Dry Rot And Bacteria with respect to loss or damage by a "specified cause of loss" other than fire or lightning.
3. In Section B. EXCLUSIONS, under paragraph 2., exclusion c. Leakage or Seepage is replaced by the following:
- c. **Leakage or Seepage**
- Constant or repeated discharge, seepage or leakage of water, or the presence or condensation of humidity, moisture or vapor, whether continuous or intermittent from any:
- 1) Heating, air conditioning or refrigerating system;
  - 2) Appliance; or
  - 3) Fire protection or plumbing system, including from or around any shower bath installation, bathtub or other plumbing fixture.
4. In Section B. EXCLUSIONS, under paragraph 2., exclusion j. Other Types Of Loss, paragraph (2) is replaced by the following:
- j. **Other Types Of Loss**
- 2) Rust or other corrosion, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself;

**B. AMENDMENTS TO THE PREMIER BUSINESSOWNERS LIABILITY COVERAGE FORM**

1. In Section I. COVERAGES, COVERAGE A - BODILY INJURY AND PROPERTY DAMAGE LIABILITY, under paragraph 2. EXCLUSIONS, the following exclusions are added:

This insurance, including any duty we have to defend "suits", does not apply to:

**Fungi or Bacteria**

- a. "Bodily injury" or "property damage" which would not have occurred, in whole or in part, but for:

- 1) The actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of, any "fungi" or bacteria on or within a building or structure, including its contents; or
- 2) The failure to warn or to disclose the presence of "fungi" or bacteria;

regardless of whether any other cause, event, material or product contributed concurrently or in any sequence to such injury or damage.

- b. Any loss, cost or expenses arising out of the testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to, or assessing the effects of, "fungi" or bacteria, by any insured or by any other person or entity.

HOWEVER, this exclusion does not apply to any "fungi" or bacteria that are, are on or are contained in, "your product" intended for human or animal consumption.

2. In Section I. COVERAGES, COVERAGE B - PERSONAL AND ADVERTISING INJURY LIABILITY, under paragraph 2. EXCLUSIONS, the following exclusions are added:

This insurance, including any duty we have to defend "suits", does not apply to:

**Fungi or Bacteria**

- a. "Personal and advertising injury" which would not have occurred, in whole or in part, but for:

- 1) The actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of, any "fungi" or bacteria on or within a building or structure, including its contents; or

- 2) The failure to warn or to disclose the presence of "fungi" or bacteria;

regardless of whether any other cause, event, material or product contributed concurrently or in any sequence to such injury or damage.

- b. Any loss, cost or expenses arising out of the testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to, or assessing the effects of, "fungi" or bacteria, by any insured or by any other person or entity.

**C. ADDITIONAL DEFINITION**

The following definition is added to:

1. The PREMIER BUSINESSOWNERS PROPERTY COVERAGE FORM, under Section H. DEFINITIONS; and
2. The PREMIER BUSINESSOWNERS LIABILITY COVERAGE FORM, under Section V. DEFINITIONS.

**"Fungi"** means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or byproducts produced or released by fungi.

**All terms and conditions of this policy apply unless modified by this endorsement.**

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EFFECTIVE DATE: 12:01 AM Standard Time,  
(at your principal place of business)

**BUSINESSOWNERS**  
**PB 51 03 (06-01)**

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **ADDITIONAL COVERAGE - VEHICLE DAMAGE TO LEASED PROPERTY**

This endorsement modifies insurance provided under the following:

**PREMIER BUSINESSOWNERS PROPERTY COVERAGE FORM**

Under Section A. COVERAGES, 5. ADDITIONAL COVERAGE, the following Additional Coverage is added:

**u. Vehicle Damage to Leased Property**

- 1) If Vehicle Damage To Leased Property coverage is shown at a premises designated in the Declarations, we will pay for direct physical loss of or damage to leased property at that premises caused by or resulting from actual physical contact of a land motor vehicle with leased property.

As used in this endorsement, leased property consists principally of leased buildings

and its related machinery, equipment, fixtures, pumps (including their tanks) and outdoor equipment.

- 2) The most we will pay under this Vehicle Damage to Leased Property Additional Coverage for loss in any one occurrence is the amount shown in the Declarations for this coverage.
- 3) The limit for this Vehicle Damage to Leased Property is in addition to the Limits of Insurance.
- 4) The property deductible applies to this Vehicle Damage To Leased Property Additional Coverage.

**All terms and conditions of this policy apply unless modified by this endorsement.**



**BUSINESSOWNERS**  
**PB 90 37 04 05**

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **PENNSYLVANIA AMENDATORY ENDORSEMENT**

**NOTICE:** An Insurance Company, its agents, employees, or service contractors acting on its behalf, may provide services to reduce the likelihood of injury, death or loss. These services may include any of the following or related services incident to the application for, issuance, renewal or continuation of, a policy of insurance:

1. Surveys;
2. Consultation or advice; or
3. Inspections.

The "Insurance Consultation Services Exemption Act" of Pennsylvania provides that the Insurance Company, its agents, employees or service contractors acting on its behalf, is not liable for damages from injury, death or loss occurring as a result of any act or omission by any person in the furnishing of or the failure to furnish these services. The Act does not apply:

1. If the injury, death or loss occurred during the actual performance of the services and was caused by the negligence of the Insurance Company, its agents, employees or service contractors;
2. To consultation services required to be performed under a written service contract not related to a policy of insurance; or
3. If any acts or omissions of the Insurance Company, its agents, employees or service contractors are judicially determined to constitute a crime, actual malice, or gross negligence.

This endorsement modifies insurance provided under the following:

**PREMIER BUSINESSOWNERS COMMON POLICY CONDITIONS**  
**PREMIER BUSINESSOWNERS PROPERTY COVERAGE FORM**

### **A. CANCELLATION**

In the COMMON POLICY CONDITIONS, condition A. CANCELLATION is replaced by the following:

1. The first Named Insured shown in the Declarations may cancel this policy by writing or giving notice of cancellation.
2. Cancellation Of Policies In Effect For Less Than 60 Days

We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least 30 days before the effective date of cancellation.

3. Cancellation Of Policies In Effect For 60 Days Or More

If this policy has been in effect for 60 days or more or if this policy is a renewal of a policy we issued, we may cancel this policy only for one or more of the following reasons:

- a. You have made a material misrepresentation which affects the insurability of the risk. Notice of cancellation will be mailed or delivered at least 15 days before the effective date of cancellation.

- b. You have failed to pay a premium when due, whether the premium is payable directly to us or our agents or indirectly under a premium finance plan or extension of credit. Notice of cancellation will be mailed at least 15 days before the effective date of cancellation.
- c. A condition, factor or loss experience material to insurability has changed substantially or a substantial condition, factor or loss experience material to insurability has become known during the policy period. Notice of cancellation will be mailed or delivered at least 60 days before the effective date of cancellation.
- d. Loss of reinsurance or a substantial decrease in reinsurance has occurred, which loss or decrease, at the time of cancellation, shall be certified to the Insurance Commissioner as directly affecting in-force policies. Notice of cancellation will be mailed or delivered at least 60 days before the effective date of cancellation.

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- e. Material failure to comply with policy terms, conditions or contractual duties. Notice of cancellation will be mailed or delivered at least 60 days before the effective date of cancellation.
- f. Other reasons that the Insurance Commissioner may approve. Notice of cancellation will be mailed or delivered at least 60 days before the effective date of cancellation.

This policy may also be cancelled from inception upon discovery that the policy was obtained through fraudulent statements, omissions or concealment of facts material to the acceptance of the risk or to the hazard assumed by us.

- 4. We will mail or deliver our notice to the first Named Insured's last mailing address known to us. Notice of cancellation will state the specific reasons for cancellation.
- 5. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
- 6. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata and will be returned within 10 business days after the effective date of cancellation. If the first Named Insured cancels, the refund may be less than pro rata and will be returned within 30 days after the effective date of cancellation. The cancellation will be effective even if we have not made or offered a refund.
- 7. If notice is mailed, it will be by registered or first class mail. Proof of mailing will be sufficient proof of notice.

#### B. NONRENEWAL

The following is added to the COMMON POLICY CONDITIONS and supercedes any provisions to the contrary:

##### Nonrenewal

If we decide not to renew this policy, we will mail or deliver written notice of nonrenewal, stating the specific reasons for nonrenewal, to the first Named Insured at least 60 days before the expiration date of the policy.

#### C. TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US

In the COMMON POLICY CONDITIONS, condition K. TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US is replaced by the following:

#### 1. Applicable to Businessowners Property Coverage:

Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual Named Insured.

If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.

If you die, this Policy will remain in effect as provided in a. or b. below, whichever is later:

- a. For 180 days after your death regardless of the policy period shown in the Declarations, unless the insured property is sold prior to that date; or
- b. Until the end of the policy period shown in the Declarations, unless the insured property is sold prior to that date.

Coverage during the period of time after your death is subject to all provisions of this policy including payment of any premium due for the policy period shown in the Declarations and any extension of that period.

#### D. INCREASE OF PREMIUM

The following is added to the COMMON POLICY CONDITIONS and supercedes any provisions to the contrary:

##### Increase of Premium

If we increase your renewal premium, we will mail or deliver to the first Named Insured written notice of our intent to increase the premium at least 30 days before the effective date of the premium increase.

Any notice of nonrenewal or renewal premium increase will be mailed or delivered to the first Named Insured's last known address. If notice is mailed, it will be by registered or first class mail. Proof of mailing will be sufficient proof of notice.

#### E. AMENDMENTS TO THE PREMIER BUSINESSOWNERS PROPERTY COVERAGE FORM

In the PROPERTY COVERAGE FORM, under Section E. PROPERTY LOSS CONDITIONS, the following is added to condition 5. Loss Payment:

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**NOTICE OF ACCEPTANCE OR DENIAL OF CLAIM**

1. Except as provided in 3. below, we will give you notice, within 15 working days after we receive a properly executed proof of loss, that we:
  - a. Accept your claim;
  - b. Deny your claim; or
  - c. Need more time to determine whether your claim should be accepted or denied.

If we deny your claim, such notice will be in writing, and will state any policy provision, condition or exclusion used as a basis for the denial.

If we need more time to determine whether your claim should be accepted or denied, the written notice will state the reason why more time is required.

2. If we have not completed our investigation, we will notify you again in writing, within 30 days after the date of the initial notice as provided in 1.c. above, and thereafter every 45 days. The written notice will state why more time is needed to investigate your claim and when you may expect us to reach a decision on your claim.
3. The notice procedures in 1. and 2. above do not apply if we have a reasonable basis, supported by specific information, to suspect that an insured has fraudulently caused or contributed to the loss by arson or other illegal activity. Under such circumstances, we will notify you of the disposition of your claim within a period of time reasonable to allow full investigation of the claim, after we receive a properly executed proof of loss.

**CONDOMINIUM OR TOWNHOUSE ASSOCIATION AMENDMENTS**

If you are a Condominium or Townhouse Association

1. Containing at least one residence, created after October 29, 1980; or
2. That amended your bylaws and declarations to conform with the Pennsylvania Condominium Act enacted October 29 1980;

the following amendments also apply to you:

Under the CONDOMINIUM ASSOCIATION COVERAGE endorsement, form PB1701, paragraphs C. and D. do not apply.

The following provisions are added:

- A. The COMMON POLICY CONDITIONS is amended as follows:

1. Under condition K. TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US, the following is added:

We waive our rights to recover payment against:

- a. Any unit-owner, including the developer, and members of his or her household;
- b. The Association; and
- c. Members of the board of directors for acts or omissions within the scope of their duties for you.

But we reserve our rights to recover damages from the developer for which he or she may be held liable in his or her capacity as a developer.

2. The following paragraph is added:

No act or omission by any unit-owner will void the policy or be a condition to recovery under this policy. But this does not apply to unit-owners acting within the scope of their authority on behalf of the association.

- B. Under the PROPERTY COVERAGE FORM:

1. In Section A. COVERAGES, 1. COVERED PROPERTY, a. Buildings, paragraphs (2), (4) and (5)(d) are replaced by the following:
  - a. **Buildings**, meaning the buildings or structures described in the Declarations, including:
    - (2) Fixtures, outside of individual units, including outdoor fixtures;
    - (4) Any of the following types of property contained within a unit, regardless of ownership, if your Condominium Association Agreement requires you to insure it:
      - (a) Fixtures, improvements and alterations that are a part of the building or structure; and
      - (b) Appliances, such as those used for refrigerating, ventilating, cooking, dishwashing, laundering, security or housekeeping.
    - (5) (d) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering that are not contained within individual units;

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But Building does not include personal property owned by, used by or in the care, custody or control of a unit-owner except for personal property listed in paragraph (4) above.

2. In Section A. COVERAGES, 1. COVERED PROPERTY, paragraph b. Business Personal Property is replaced by the following:

- b. **Business Personal Property** located in or on the building described in the Declarations or in the open (or in a vehicle) within 1,000 feet of the described premises, consisting of the following:

- (1) Personal property owned by you or owned indivisibly by all unit-owners;
- (2) Your interest in the labor, materials or services furnished or arranged by you on personal property of others;
- (3) Leased personal property for which you have a contractual responsibility to insure, unless otherwise provided for under personal property of others.

Business Personal Property does not include personal property owned only by a unit-owner, unless it is in your care, custody or control as covered below.

This also includes property of others that is in your care, custody or control except as otherwise provided in Section E. PROPERTY LOSS CONDITIONS, 5. Loss Payment, under paragraph e.(3)(b).

3. Under Section E. PROPERTY LOSS CONDITIONS, the following is added to condition 5. Loss Payment:

If you name an insurance trustee, we will adjust losses with you, but we will pay the insurance trustee. If we pay the trustee, the payments will satisfy your claims against us.

4. Section F. PROPERTY GENERAL CONDITIONS is amended as follows:

- a. Under 2. Mortgageholders, paragraph b. is replaced by the following:
- b. We will:
  - (1) If the condominium is terminated, pay for covered loss of, or damage

to, buildings or structures to each mortgageholder shown on the Declarations in their order of precedence, as interests may appear.

- (2) In all other respects, pay for loss to buildings or structures to you or the designated insurance trustee in accordance with Section E. PROPERTY LOSS CONDITION, condition 5. Loss Payment.

- b. Paragraphs f. and g. are replaced by the following:

f. If we cancel this policy, we will give written notice to the mortgageholder at least 30 days before the effective date of cancellation.

g. If we elect not to renew this policy, we will give written notice to the mortgageholder at least 30 days before the expiration date of this policy.

- C. In the LIABILITY COVERAGE FORM, under Section II. WHO IS AN INSURED, the following is added:

7. The developer in the developer's capacity as a unit-owner, but only with respect to the developer's liability arising out of:

- a. The ownership, maintenance or repair of that portion of the premises which is not owned solely by the developer; or
- b. The developer's membership in the association.

HOWEVER, the insurance afforded with respect to the developer does not apply to liability for acts or omissions as a developer.

8. Each other unit-owner of the described condominium, but only with respect to that person's liability arising out of the ownership, maintenance or repair of that portion of the premises which is not owned solely by the unit-owner or out of that person's membership in the association.

All terms and conditions of this policy apply unless modified by this endorsement.

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